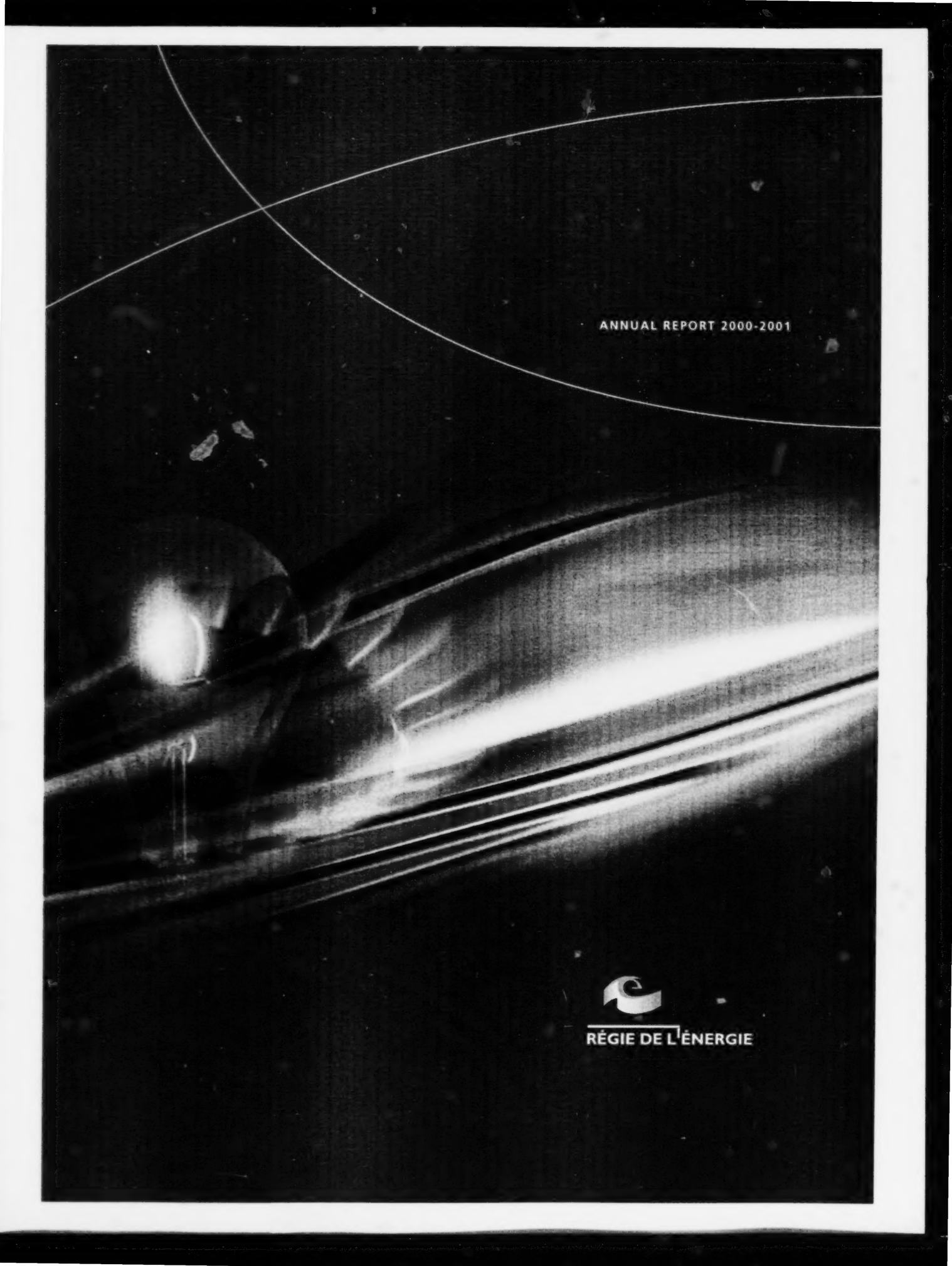




ANNUAL REPORT 2000-2001



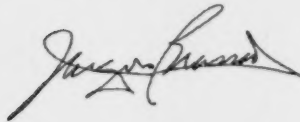
RÉGIE DE L'ÉNERGIE

Jean-Pierre Charbonneau
Speaker of the National Assembly
Legislative Building, Québec City

Mr. Speaker,

I am pleased to table the following report on the activities of the Régie de l'énergie for the year 2000-2001.

Sincerely yours,



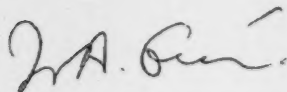
Jacques Brassard
Minister of Natural Resources
Québec City, June, 2001

Jacques Brassard
Minister of Natural Resources

Mr. Minister,

I have the pleasure of sending you the present report on the activities of the Régie de l'énergie for the year 2000-2001.

Sincerely yours,



Jean A. Guérin
Chairman
Montréal, June, 2001

Our mission

THE RÉGIE DE L'ÉNERGIE IS AN ECONOMIC REGULATION AGENCY. ITS MISSION IS TO RECONCILE THE PUBLIC INTEREST, CONSUMER PROTECTION AND THE FAIR TREATMENT OF THE ELECTRICITY CARRIER AND THE DISTRIBUTORS. THE RÉGIE STRIVES TO ENSURE THAT ENERGY NEEDS ARE SATISFIED WHILE PROMOTING SUSTAINABLE DEVELOPMENT AS WELL AS INDIVIDUAL AND COLLECTIVE EQUITY.

TO THIS END, THE RÉGIE FIXES AND MODIFIES THE RATES AND CONDITIONS FOR THE TRANSMISSION OF ELECTRIC POWER BY THE ELECTRICITY CARRIER, THE DISTRIBUTION OF ELECTRIC POWER BY THE ELECTRICITY DISTRIBUTOR, AND THE SUPPLY, TRANSMISSION, DELIVERY AND STORAGE OF NATURAL GAS BY THE NATURAL GAS DISTRIBUTORS. IN FIXING AND MODIFYING RATES, THE RÉGIE FAVOURS THE USE OF INCENTIVES TO IMPROVE THE PERFORMANCE OF THE ELECTRICITY CARRIER, THE ELECTRICITY DISTRIBUTOR AND THE NATURAL GAS DISTRIBUTORS, AND TO PROMOTE THE SATISFACTION OF CONSUMER NEEDS.

THE RÉGIE EXAMINES CONSUMER COMPLAINTS ABOUT DECISIONS RENDERED BY THE ELECTRICITY CARRIER, THE ELECTRICITY DISTRIBUTOR OR A NATURAL GAS DISTRIBUTOR CONCERNING THE APPLICATION OF THE RATES OR CONDITIONS OF SERVICE.

THE RÉGIE ALSO MONITORS THE PRICES OF PETROLEUM PRODUCTS AND STEAM.

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ENERGY ENVIRONMENT

WITH THE GROWING INTEGRATION OF ENERGY TRANSMISSION SYSTEMS, THE ENERGY MARKET IS BECOMING INCREASINGLY CONTINENTAL. CONTINUING HIGH PRICES FOR VARIOUS FORMS OF ENERGY IN THESE CONTINENTAL MARKETS OVER THE PAST YEAR HAVE HAD A DIRECT IMPACT ON CONSUMER PURCHASING POWER AND THE COMPETITIVENESS OF MANY BUSINESSES.

In 2000-2001, this was the context for the work of the Régie de l'énergie, which, under the *Act respecting the Régie de l'énergie*, is responsible for regulating and monitoring the main forms of energy used by Québec consumers.

The world price of crude oil remained high throughout the year, rising above US\$30 a barrel. Prices for petroleum products were also high.

North American natural gas prices remained high during the year due to strong demand for natural gas for electric power generation, particularly in the U.S. The export price of Western Canadian natural gas rose to new heights, propelled by the supply/demand imbalance on the North American market, as producers were unable to find new reserves quickly to satisfy the growing needs of consumers, both Canadian and American.

In the United States, there was also upward pressure on electricity prices. For example, the price of electric power on the New England free market, as measured by the weekly peak period index, fluctuated between 4.4¢ and 17¢ (Cdn) per kilowatt hour. The average price was 8.9¢ per kilowatt hour, a notable increase over the previous year's average of 5.7¢.

Moreover, imbalances between supply and demand sparked spectacular increases in electric power prices on the spot market. This happened even in regions as prosperous as California, where a major crisis hit the reliability of electric power on numerous occasions, and forced some utilities to seek bankruptcy protection.

Partly in response to these events, the U.S. administration issued an energy policy statement in May 2001. Among other things, it called for resource development to be stepped up. This could have continental implications, depending on how it is implemented. Québec consumers saw hefty price hikes for petroleum products and natural gas, cutting into their disposable income for the purchase of other goods and services.



In the case of natural gas, the spot price at the Alberta border soared to nearly \$13 per gigajoule during the winter of 2000-2001. Steep prices cut the competitiveness of natural gas on Québec's residential, commercial and industrial markets. Through the use of financial derivatives and the granting of credits on the inventory gas of the distributor Gaz Métropolitain and Company, Limited Partnership (GMCLP) the Régie authorized the distributor to soften the negative impact of such price increases to the benefit of the customers. As a result, the price of system gas reached \$8.48 per gigajoule in January 2001. This price level is still very high compared with the price of \$2.91 per gigajoule authorized by the Régie for January 2000.

Canadian prices for petroleum products also remained high. In Québec, the average price of regular gasoline over the year was 77.4¢ per litre, 10¢ above the previous year's average (67.3¢). The price of heating oil, which averaged 50.6¢ per litre during the winter of 2000-2001, increased 27% over the average price during the previous winter (39.7¢).

On the other hand, Québec consumers of electricity did not have to pay the soaring prices seen in the U.S., due to the freeze on electric power rates in effect until April 2002.

REGULATORY ENVIRONMENT

THE HIGH ELECTRICITY PRICES IN THE U.S. AND THE SITUATION IN CALIFORNIA PROMPTED SOME RETHINKING OF DEREGULATION PLANS.

Ontario again postponed opening its retail market to competition, this time until the spring of 2002. California continues to search for a solution to its energy crisis.

Alberta's retail electricity market has been open to competition since January 1, 2001, allowing residential and commercial consumers to choose their supplier.

In Québec, one of the highlights of the past year was the adoption of Bill 116, which amended the *Act respecting the Régie de l'énergie* of June 1997 and the applicable regulatory framework.

These legislative modifications mainly focus on the Régie's approval of a tender solicitation and contract awarding procedure and code of ethics for tender solicitation process that would apply to electric power supply contracts to meet new electric demand in Québec. The June 2000 amendments also include provisions requiring Régie approval of supply plans for all holders of exclusive natural gas or electric power distribution rights. The electric power distributor cannot sign a supply contract without the Régie's approval. The Régie is also empowered to approve reliability standards for Hydro-Québec's electric power transmission system.

Finally, the new provisions provide that the Régie may determine every three years, instead of annually, an amount per litre representing the operating costs borne by a gasoline or diesel fuel retailer, and assess the expediency of including it in the minimum price.

REVIEW OF ACTIVITIES

DURING THE YEAR, THE RÉGIE RENDERED 264 DECISIONS. ALSO, PURSUANT TO ITS DECISION OF JULY 1999, THE RÉGIE SUBMITTED A REPORT TO THE QUÉBEC MINISTER OF NATURAL RESOURCES ON THE IMPACT OF APPLICATION OF THE ACT ON PRICES AND COMMERCIAL PRACTICES IN THE GASOLINE AND DIESEL FUEL RETAIL TRADE. THE JULY 1999 DECISION HAD DETERMINED OPERATING COSTS TO BE 3¢ PER LITRE BUT DID NOT INCLUDE THEM IN THE CALCULATION OF THE MINIMUM PRICE REFERRED TO IN THE ACT RESPECTING PETROLEUM PRODUCTS AND EQUIPMENT.

With respect to electric power, the Régie has gradually begun exercising its new powers, particularly in the areas of rate setting, conditions governing supply and commercial programs.

Having established principles for setting and applying electric power transmission rates, the Régie is now studying an application from Hydro-Québec's transmission division, TransÉnergie, to modify its transmission rates.

The Régie also began to review some provisions of the regulation on conditions governing the supply of electricity by Hydro-Québec, which establishes the rights and obligations of the distributor and its customers. The Régie issued a decision last February on two of the three issues under consideration, namely the service contract and the attached obligations, as well as metering and billing. Hearings on the third issue, terms of payment and credit and collection policies, resumed last May.

The Régie issued decisions on Hydro-Québec's applications to renew an Electrotechnology Implementation Support commercial program and to introduce a new Interruptible Power Program on a provisional basis.

In natural gas, the Régie broke new ground in incentive-based regulation, energy efficiency, rate-fixing and regulatory streamlining.

For the first time, the annual rates of Gaz Métropolitain Company, Limited Partnership (GMCLP) for 2000-2001 were set by applying an incentive-based mechanism to a negotiated settlement process. This approach is designed to improve gas distributor performance and meet consumer needs. The incentive mechanisms apply over a five-year period and provide, each year, a price cap and a revenue requirement set by the participants and the distributor, and approved by the Régie. Any favourable difference between these two amounts is eventually distributed between the shareholders and the customers. The application of such incentive mechanisms in 2000-2001 is expected to generate productivity gains in the order of \$14 million, shared between GMCLP and its customers.

The Régie also approved GMCLP's first Global Efficiency Plan. This plan, established after consultations with numerous stakeholders, includes solid measures for energy saving, starting in the first year. These measures benefit the consumers who participate in the program and consumers in general, as well as the distributor.

In addition, the Régie authorized the creation of a Global Energy Efficiency Fund, established with a portion of the productivity gains realized by GMCLP under the incentive-based mechanism. The Régie also approved the creation of a fund to support the replacement of more polluting energy sources, such as oil and coal, by natural gas.

The Régie also authorized GMCLP to unbundle its rates for large-volume firm and interruptible customers and for customers that consume 30,000 m³ or more per day, as of October 1, 2001. The objective of unbundled rates is for various services – i.e. gas supply, transmission, load balancing and distribution – to be charged separately and for customers to be able to obtain non-monopoly services from other suppliers on a competitive basis. The ultimate objective of unbundling is to let customers manage their energy supplies more effectively and reduce their natural gas bills.

The Régie approved the creation of a working group to study, among other things, the gradual introduction of unbundling to customers with volume less than 30,000 m³ per day, starting October 1, 2001, to let them take advantage of potential opportunities in the marketplace.

In the case of the distributor Gazifère, serving the customers in the Outaouais region, the Régie approved operating expenses calculated on the basis of the incentive-based mechanisms established in the previous year.

The Régie also approved Gazifère's business plan, implementation of its energy efficiency program and the introduction of a revenue loss adjustment mechanism.

In its 2000-2001 rate cases, the Régie granted rate increases on transmission and distribution operations averaging 1.7% in the case of GMCLP and 0.7% in the case of Gazifère. These rates may fluctuate in the course of the year depending on decisions by other authorities, namely with respect to transmission. The Régie also approved additions to the respective rate base of the two natural gas distributors in the order of \$125 million, including \$88 million for capital expenditures.

With respect to petroleum products, the Régie continued carrying out its mandate to monitor prices. To better inform consumers, the Régie improved the presentation of its weekly information bulletin on petroleum product prices in Québec and is now releasing the results of its weekly survey of prices at the pump even more quickly. The Régie is publishing more data in the form of charts on its Web site.

In July 2000, the Régie maintained its decision of July 1999 and again determined the operating costs borne by a retailer of gasoline or diesel fuel to be 3¢ per litre, while deciding not to include that amount in the calculation of the minimum price referred to in the *Act respecting petroleum products and equipment*.

Also, a hearing was held in Québec City in February and March 2001 following the filing of a demand from independent retailers to include operating costs in the calculation of the minimum price for Québec City-area gasoline stations.

With respect to complaints from natural gas and electricity customers, the Régie received 228 complaints, issued 180 decisions and responded to over 2,500 written and verbal enquiries.

Over the last four years, the Régie was faced with intense activities and has issued a total of over 750 decisions, and held nearly 300 days of hearings and technical meetings with participants.

In the performance of its mandate, the Régie responded to over 12,000 information requests from consumers.

Beyond these statistics, the Régie's decisions have far-reaching economic implications on all residential, commercial, institutional and industrial consumers. Examples include the review of the conditions governing the supply of electric power to Hydro-Québec's 3.5 million customers, decisions on natural gas rates for some 175,000 consumers or decisions that may have an effect on retail prices for gasoline and diesel fuel.

To fulfill its role, the Régie needs the economic, social and environmental stakeholders to maintain their active participation in the process and help it make informed decisions. A list of participants in the activities of the Régie appears in this year's annual report.

OUTLOOK FOR 2001-2002

IN THE COMING YEAR, THE RÉGIE WILL DEAL WITH A NUMBER OF MAJOR CASES IN EACH OF THE AREAS UNDER ITS JURISDICTION.

Following approval of a draft regulation by the Government, the Régie will be called upon to approve the supply plans of the natural gas and electricity distributors. Another draft regulation published in the *Gazette officielle du Québec* will, among other things, give the Régie authority to approve capital expenditures by the electric power distributor, the electricity power carrier TransÉnergie, and the natural gas distributors.

In the electricity sector, the Régie will issue its decision on Hydro-Québec's application for approval of an electric power transmission rate. The Régie will wrap up its review of the regulation respecting the conditions governing the supply of electricity by Hydro-Québec and render its decision.

Regarding the review of the cost of Hydro-Québec's distribution service, which directly affects all electric power consumers in Québec, the Régie will begin its review at the appropriate time taking into account the electric power rate freeze existing until April 2002 and the possibility that rates could be held at their current level past that date.

The Régie will also consider approval of the electric power supply contracts that may be required to meet the needs of Québec markets in excess of the heritage pool electricity, which under the legislative provisions passed in June 2000 are determined to be up to 165 terawatt hours per year. Hydro-Québec filed an application at the end of April 2001 for approval of a tender solicitation and contract awarding procedure and of a code of ethics for tender solicitation for electric power supply contracts. According to the Act, the Régie must decide within 90 days following the filing of such application.

The Régie also anticipates receiving, during the coming year, Hydro-Québec's application for approval of standards of reliability for its electric power transmission system. The new legislative provisions require the Régie to issue a decision within 120 days after receiving the electric power standards established by the carrier.

With respect to natural gas, it is expected that the distributors' annual rates will continue to be set using the incentive mechanisms introduced over the last two years. The new regime applicable to GMCLP since October 2000 uses a negotiated settlement process under which the distributor and stakeholders, after negotiation, submit a rate proposal to the Régie for approval.

The Régie intends, however, to continue holding hearings to examine specific evidence on strategic matters and on issues involving new regulatory principles.

In addition, the Régie may be called upon to decide on an application from Gaz Métropolitain and Company, Limited Partnership for approval to supply its territory with natural gas from eastern Canada (Sable Island gas basin). It will also issue decisions on various system extension projects submitted by the gas distributors.

In petroleum products, a decision will be made on the expediency of including the operating costs of a Québec City-area retailer of gasoline or diesel fuel in the calculation of the minimum price under the *Act respecting petroleum products and equipment*.

STRATEGIC DIRECTIONS

THE RÉGIE PURSUED ITS WORK ACCORDING TO ITS STRATEGIC ORIENTATIONS: TO APPLY INCENTIVE-BASED MECHANISMS TO THE REGULATION OF NATURAL MONOPOLIES, TO OPEN MARKETS TO COMPETITION WHERE BENEFICIAL TO CONSUMERS, TO STREAMLINE THE CONSULTATION AND DECISION-MAKING PROCESSES, AND TO IMPROVE COMMUNICATIONS.

INCENTIVE MECHANISMS AND OPENING TO COMPETITION

With respect to the application of incentive mechanisms, as noted above, the Régie innovated in the natural gas sector by using a negotiated settlement process involving the distributor GMCLP and stakeholders as part of an annual rate case. The mechanism's multi-year scope creates a significant incentive for the distributor to use the most effective possible means of capital asset management and cost control. The incentive mechanism also takes into account the interests of customers with respect to prices and quality of service, and also stakeholder concern for sustainable development.

To open up competition, as mentioned above, the Régie worked to promote competition where beneficial to consumers by authorizing GMCLP to unbundle its rates. The customers will be offered a wider range of options, particularly for transmission and load balancing services, allowing them to optimize their operations according to the services and prices available in the marketplace.

The Régie will continue, however, to ensure that all these services are available to consumers and that the distributors' rates are fair and reasonable. The Régie believes that setting rates and conditions for purely monopolistic services, and allowing greater competition for other services that may be offered in the marketplace, represents the most effective way to ensure that consumers' needs are likely to be met, and to allow it to continue to fully exercise its regulatory powers.

STREAMLINED CONSULTATION AND DECISION-MAKING PROCESSES

The Régie used preparatory meetings, working groups, technical meetings and negotiated settlement processes. The negotiated settlement process tends to facilitate the consideration of the participants' interests through informal discussions, and the conclusion of agreements on matters identified in advance by the Régie and according with the guidelines approved by the Régie. All such agreements remain subject to approval by the Régie.

The Régie also used other fast-track procedures in dealing with applications, particularly for natural gas distribution system extension projects.

This regulatory streamlining also includes the adoption, by the Régie, of multi-year automatic adjustment formulas for natural gas distributors' rates of return and operating expenses. These innovations reduced the scope and duration of the regulatory process without sacrificing the quality of decisions.

In carrying on its second mandate to determine the per-litre operating costs of petroleum product retailers, the Régie ruled on the basis of written evidence, which consisted of briefs from interested parties. This is a considerably simplified process compared to the hearing procedure the Régie used in its first examination of the issue in 1998.

Overall, the streamlining of the consultation and decision-making processes described above could eventually be applied to electric power regulation, once the foundations and economic principles of the regulation have been firmly established.

At the same time, the streamlining of the consultation and decision-making processes also means that interveners must limit and focus their submissions to avoid redundancy and duplication. The Régie also strongly encourages interveners to regroup, and ascertains that their contributions are useful and their expense claims necessary and reasonable.

IMPROVED COMMUNICATIONS

In communication, the Régie continues to publicize its role, its powers, its mandate, its procedures and its operating mode. In February 2001, the Régie published an information brochure for consumers covering those areas. The Régie's Web site, which is used extensively by interested persons, is regularly updated. Transcripts of some hearings are now posted on the site.

The Régie is also responding to the daily enquiries from consumers. In addition to its head office in Montréal, the Régie has an office in Sainte-Foy, in the Québec City region where it conducts some of its work and hearings. It also held hearings on consumer complaints in Hull in order to better serve the western Québec clientele.

The Régie also participates actively in conferences and training activities. In pursuing its objective to stay at the forefront of new developments in economic regulation, the Régie organized, in conjunction with its Canadian and U.S. counterparts, the first World Forum on Energy Regulation, held in Montréal in May 2000. The Forum was a resounding success, drawing some 1,000 delegates from over 90 countries. These international discussions identified fundamental issues which regulation should take into account: sustainable development in the energy industry, equitable access to energy services, the creation of effective markets and the introduction of suitable regulatory processes.

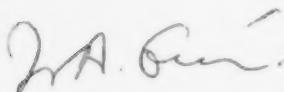
The event also showed that the economic players involved in energy markets, including financial institutions, want regulatory frameworks to be harmonized.

ACKNOWLEDGEMENTS

NONE OF THIS WORK COULD BE CARRIED OUT WITHOUT THE STEADFAST EFFORTS OF THE RÉGIE'S COMMISSIONERS AND STAFF. DAY AFTER DAY, THEY SHOW PROFESSIONALISM AND A COMMITMENT TO MAINTAINING THE QUALITY OF THE DECISION-MAKING PROCESS.

I would like to pay tribute to commissioners Mrs Catherine Rudel-Tessier and Mr André Dumais, whose terms expired or will expire in the near future. We welcome two new commissioners, Mrs Anita Côté-Verhaaf and Mr Michel Doré, who bring us the benefit of their experience and expertise.

Finally, I would like to thank all the interveners who participate in the Régie's work. Their contribution is essential to informed decision making.



JEAN A. GUÉRIN

Chairman

June 2001

Role and powers

THE RÉGIE DE L'ÉNERGIE IS A MULTI-FUNCTIONAL ECONOMIC REGULATION AGENCY WITH ADMINISTRATIVE AND QUASI-JUDICIAL FUNCTIONS.

	RATE-SETTING		PRICE-MONITORING
	ELECTRICITY	NATURAL GAS	PETROLEUM PRODUCTS
TRANSMISSION	< = 165 tWh at 2.79¢ / kWh > 165 tWh : call for tenders	Free market	—
TRANSMISSION	Cost of service	National Energy Board (federal)	—
DISTRIBUTION	Cost of service	Incentive-based mechanisms	Operating costs and expediency of inclusion
TRANSMISSION	Decision-making authority	Decision-making authority	—

The Régie's role is to regulate monopolies in electricity transmission, electricity distribution and natural gas distribution. It also monitors non-monopoly markets to ensure that the free market system benefits consumers, while permitting healthy competition between market players.

The Régie has authority to fix the rates and conditions for the transmission and distribution of electric power and the transmission, distribution, supply and storage of natural gas, after holding public hearings.

It also monitors the operations of electricity and natural gas distributors to ascertain that consumers are adequately supplied, and monitors the operations of the electricity carrier and of the electricity distributors to ascertain that consumers are charged fair and reasonable rates. It approves the electricity and natural gas distributors' supply plans and commercial programs. The Régie also approves investment projects, the construction and acquisition of immovables and assets intended for the transmission or distribution of electric power or the distribution of natural gas. It approves the electricity carrier's operating and technical standards, including transmission system reliability standards.

The *Act respecting the Régie de l'énergie* gives Hydro-Québec the exclusive right to distribute electricity throughout the territory of Québec, excluding the territories served by a distributor operating a municipal, cooperative or private electric power system. Municipal and cooperative systems also have exclusive distribution rights within the territories they serve.

The Régie has sole authority to examine complaints of consumers unsatisfied with a decision rendered by the electricity carrier or an electricity or natural gas distributor concerning the application of the rates or conditions of service. The carrier and distributors are required to apply an internal complaint examination procedure approved by the Régie.

The Régie is also empowered to monitor petroleum product prices in order to provide consumers with information in this regard.

With respect to gasoline and diesel fuel, the Régie has the authority to determine, every three years, an amount per litre representing the operating costs borne by a gasoline or diesel fuel retailer, and to assess the expediency of excluding or not the amount from the calculation of the operating costs borne by a retailer.

Review of activities

The Régie works to offer a pacesetter, high-calibre regulation and monitoring service. Active participation by a wide range of intervenors helps the Régie make informed decisions. In its decisions, the Régie strives to ensure that energy needs are satisfied through sustainable development and individual as well as collective fairness.

During the past year, the Régie received 19 applications, held 80 days of hearings, and 10 days of technical meetings. It issued 264 opinions.

The Régie also submitted a report to the Minister of Natural Resources on prices and commercial practices in the gasoline and diesel fuel retail business.

SUMMARY OF ACTIVITIES - 2000-2001

19 APPLICATIONS

228 CONSUMER COMPLAINTS

80 DAYS OF HEARINGS

- 31 ON COMPLAINTS
- 49 ON APPLICATIONS

10 TECHNICAL MEETINGS

264 DECISIONS

- 180 ON COMPLAINTS
- 84 ON APPLICATIONS

1 REPORT TO THE MINISTER

THE RÉGIE IS IN DAILY CONTACT WITH CONSUMERS.

In the performance of its mandate to inform consumers of electricity and natural gas, and to make information on petroleum product prices available to the public, the Régie responded to nearly 4,500 calls from consumers during the year.

2557 INFORMATION REQUESTS ABOUT THE DISTRIBUTORS' CONSUMER COMPLAINTS PROCESS

1894 INFORMATION REQUESTS ABOUT PETROLEUM PRODUCT PRICES

OUTLINES OF THE RÉGIE'S DECISIONS WITH RESPECT TO ELECTRICITY, NATURAL GAS AND PETROLEUM PRODUCTS.

Electric power

The Régie continued its study throughout the year of Hydro-Québec's application for a determination on electricity transmission rates. It also began a study of the conditions governing the supply of electricity by Hydro-Québec. The Régie issued decisions on Hydro-Québec's applications for the renewal of its Electrotechnology Implementation Support (EIS) commercial program and the provisional introduction of a new Interruptible Power Program.

HEARING ON AMENDED APPLICATION FOR MODIFICATION OF ELECTRICITY TRANSMISSION RATES (R-3401-98)

FEBRUARY 14, 2001 NO: D-2001-48

Subject: Procedural decision on several petitions related to the responses Hydro-Québec must provide pursuant to Decision D-2000-214.

Decision: The Régie relieved Hydro-Québec of the requirement to file TransÉnergie's asset management plan. The Régie also ordered provisional non-disclosure of three documents filed by

Hydro-Québec: TransÉnergie's year 2000 business plan, projected demand by major customers, and certain information on the resources of private producers. The Régie stipulated that intervenors and Hydro-Québec would have the opportunity to further debate any request for the disclosure of these documents at the public hearing beginning on April 9, 2001. The Régie postponed its final decision on the matters covered by its provisional order until that hearing.

ELECTRIC POWER

DECEMBER 18, 2000

NO D-2000-122

Subject: Decision on application by Hydro-Québec for current electricity transmission rates to be declared provisional, and for authorization to apply the rates to be set in the final decision on its amended application retroactively to January 1, 2001.

Decision: The Régie considered that relevant Supreme Court decisions require it to act with caution; analysis of those decisions argued in favour of granting Hydro-Québec's application for provisional rates. Caution was particularly well advised since this was the first Hydro-Québec rate case in which the applicable regulatory framework is to be established by the Régie. Moreover, some aspects of Hydro-Québec's situation were still unknown, Hydro-Québec had not yet responded to all the requests for information, and the intervenors had not yet produced their evidence.

The Régie considered it to be in the public interest and in the interest of the parties that it maintain as much leeway as possible, given the unknown factors in this initial Hydro-Québec rate case. The Régie was of the view that Hydro-Québec had demonstrated an ostensible right and the need to safeguard its rights in respect of this specific application. Consequently, the Régie granted Hydro-Québec's application for provisional rates. The Régie considered that granting provisional rates in the specific case of file R-3401 entailed more advantages than disadvantages in view of the arguments on both sides and, above all, the relevant jurisprudence.

JUNE 7, 2001

NO D-2000-102

Subject: Decision on matters to be considered, documents and information to be produced with the amended application, timetable and costs for information phase.

Decision: This decision was issued following a preparatory meeting held on April 12 and 13, 2000. Under the decision, the Régie ordered Hydro-Québec to file its evidence 1) in accordance with the list of matters to be considered, including the topics and sub-topics listed in Appendix 1

to the decision, which become part of the rate case, and 2) in accordance with the Régie's conclusions, in this decision, concerning both the matters to be considered and the information and documents to be produced.

The matters to be considered are:

- Topic 1: Economic and energy market environment
- Topic 2: Planning of transmission system
- Topic 3: Rate base
- Topic 4: Capital structure and rate of return
- Topic 5: Operating expenses
- Topic 6: Revenue requirements
- Topic 7: Cost allocation
- Topic 8: Rate design
- Topic 9: Quality of service
- Topic 10: Other conditions governing access to transmission system

REVIEW OF CONDITIONS GOVERNING THE SUPPLY OF ELECTRICITY BY HYDRO-QUÉBEC (BY-LAW 634) (R-3470-2000)

FEBRUARY 28, 2001

NO D-2001-61

Subject: Decision on timetable for phase 2 of review of conditions governing the supply of electricity by Hydro-Québec.

Decision: The Régie approved Hydro-Québec's proposed changes to the timetable, except for the proposed dates for the hearing, which was set for May 9, 10 and if necessary 11, 2001. In view of the subject at issue, the Régie decided to deny the petition from ARC/FACEF concerning additional stages. The Régie therefore accepted the distributor's application for a postponement and set a new timetable.

MAY 28, 2001

NO D-2001-76

Subject: Decision on the framework for the hearing on the review of the conditions governing the supply of electricity by Hydro-Québec, the hearing timetable, and certain petitions to intervene.

Decision: The Régie asked Hydro-Québec to file proposals on three topics relating to all or part of chapters I, II, IV, VI and VII of *Bylaw 634 respecting the conditions governing the supply of electricity*:

- the service contract and attached obligations;
- metering, billing and terms of payment;
- credit and collection policies.

The Régie also established the timetable, stipulating that the technical meetings would begin on June 8, 2000 and that the hearing would begin on December 4, 2000. With respect to the petitions to intervene, the Régie granted intervenor status to Option Consommateurs, ACEF de Québec, and RNCREQ. It denied the petition of ACÉE/SESCIE/Groupe STOP/SE.

APPLICATION BY HYDRO-QUÉBEC FOR RENEWAL OF THE ELECTROTECHNOLOGY IMPLEMENTATION SUPPORT (EIS) COMMERCIAL PROGRAM (R-3458-2000)

MARCH 8, 2001

NO D-2001-65

Subject: Decision on renewal of Electrotechnology Implementation Support (EIS) commercial program.

Decision: The Régie approved renewal of phase 2 of the commercial program. It set the eligibility period for the program at two years as of the date of the decision. It also authorized Hydro-Québec to include setup costs in its rate base and amortize costs up to \$6.614 million over five years as deferred charges.

The Régie ordered Hydro-Québec to report every four months, as proposed. In addition, Hydro-Québec will be required to submit an annual progress report indicating the extent to which the objectives

Electric power

have been achieved and any changes that may have been made to the original objectives. When Hydro-Québec submits an application for renewal, it will have to consider the appropriateness of including in the program some of the proposals made by the intervenors in this case.

APPLICATION BY HYDRO-QUÉBEC FOR APPROVAL OF NEW RATE PROVISIONS FOR THE INTERRUPTIBLE POWER PROGRAM II (R-3455-2000)

DECEMBER 20, 2000 NO: D-2000-223

Subject: Interlocutory decision concerning provisional introduction of a new Interruptible Power Program II.

Decision: By this interlocutory decision, the Régie approved introduction of the Interruptible Power Program II, according to the proposed terms, conditions and prices, on a provisional basis pending a final decision.

In addition, the Régie authorized Hydro-Québec to exceed the deadlines stipulated in article 221.3 of the Program terms and rate conditions, for the reference year 2000-2001.

The decision modifies *Hydro-Québec Bylaw 663 establishing electricity rates and their conditions of application*, approved by Government of Québec Decree No. 555-98 of April 22, 1998, by adding the proposed terms and rate conditions for the Program, pending a final decision on the amended application.

Natural gas

The year saw the implementation of measures that give effect to the Régie's commitment to regulatory streamlining. In addition, a negotiated settlement process was used for the first time for Gaz Métropolitain and Company, Limited Partnership.

The Régie issued major decisions in the wake of the implementation of measures and incentive-based mechanisms designed to promote improved performance by natural gas distributors and the satisfaction of consumer needs. An Energy Efficiency Plan and Phase 1 of rate unbundling were approved for Gaz Métropolitain and Company, Limited Partnership.

To offset the strong pressure exerted on businesses and households by current natural gas prices and reduce the financial impact of those prices, the Régie authorized Gaz Métropolitain and Company, Limited Partnership, on a one-time basis, to refund the balance of the storage gas account to customers over 3 months instead of 12, as originally provided. The change enabled the distributor to apply a credit in the amount of \$67 million to the invoices for the months of February, March and April, 2001.

IMPLEMENTATION OF MEASURES AND INCENTIVE-BASED MECHANISMS TO PROMOTE IMPROVED PERFORMANCE BY A NATURAL GAS DISTRIBUTOR (GMCLP) AND THE SATISFACTION OF CONSUMER NEEDS (R-3425-99)

OCTOBER 5, 2000 NO: D-2000-183

Subject: Decision on implementation of measures and incentive-based mechanisms to promote improved performance by a natural gas distributor and the satisfaction of consumer needs.

Decision: By this decision, the Régie approved the agreement signed on August 21, 2000 by the distributor GMCLP and a group of intervenors participating in a negotiated settlement process begun on May 19, 1999.

A hybrid mechanism combining elements of cost-based and price cap systems was agreed to for an initial 5-year period. GMCLP will be required to file an annual rate application with the Régie for the fixing of rates under a simplified process. The application will show a comparison of the projected cost of providing the service with the rate as determined under a price cap system, in which the previous year's cap, indexed to inflation minus a predetermined factor X, is applied to the projected volume. The signatories to the agreement defined factor X as an estimate of the actual observed performance of GMCLP's distribution operations over the previous 10 years.

If the projected cost is lower than the result of the price cap formula, the difference will be divided between customers and shareholders. If the projected cost is higher than the result of the price cap formula, the rates will be fixed on the basis of the projected cost. In this case, the distributor undertakes to refund the overrun to customers, under certain conditions.

The agreement also contains provisions concerning external factors, exclusions, service quality indicators and monitoring. In addition, it includes a number of sections related to energy efficiency:

- an adjustment mechanism for the costs and net revenue losses associated with implementation of the Energy Efficiency Plan (EEP);
- EEP performance incentives;
- an Energy Efficiency Fund (EEF), to be funded from productivity gains realized over and above the EEP;
- a fund to support the replacement of more polluting energy sources by natural gas.

In its decision, the Régie noted that while the signature of eight persons representing groups in the Quebec society helps the Régie define, in each specific case, the dynamic concept of the public interest, these assistants cannot substitute for the Régie. The principles and choices set out in the decision cannot establish precedents by virtue of the procedure used.

Natural gas

To more clearly define its authority under the adopted mechanism, the Régie further noted that all of the provisions in the agreement concerning the exercise of the Régie's authority are suggestions by the participants in the process, which the Régie may improve upon and adapt to such circumstances as may arise during the term of the agreement.

MODIFICATION OF POLICY ON THE USE OF FINANCIAL DERIVATIVES FOR THE ACQUISITION OF NATURAL GAS BY GAZ MÉTROPOLITAIN AND COMPANY, LIMITED PARTNERSHIP (GMCLP) (R-2000-94)

JANUARY 25, 2001 NO: D-2001-31

Subject: Application for modification of the policy on the use of financial derivatives for the acquisition of natural gas by Gaz Métropolitain and Company, Limited Partnership (GMCLP).

Decision: In its decision D-2000-187, the Régie had asked the distributor to file, as part of its evidence in case R-3444-2000, phase II, the hedging and risk management strategy it uses to protect its customers against increases in the price of system gas. In its decision D-2000-225, the Régie had asked GMCLP to propose ways to streamline the applicable regulatory approval process.

The Régie considered it appropriate to accept the distributor's proposal in order to give customers the benefit of more advantageous natural gas prices, which may soon be available in the marketplace.

With respect to the standing provisions on swap contracts of its policy on the use of financial derivatives, the Régie approved the new price/volume grid.

With respect to the specific provisions for the 2000-2001 winter season of the policy on the use of financial derivatives, particularly as concerns the use of purchase options and collars, the Régie authorized extension of the specific provisions in effect pursuant to decision D-2000-187 to cover the summer 2001 and winter 2001-2002 periods.

The Régie also ordered the distributor to continue filing with the Régie monthly reports on its transactions on financial derivatives markets.

Finally, the entire hedging and risk management strategy for system gas may be reviewed more exhaustively in case R-3444-2000, phase II.

APPLICATION BY GAZ MÉTROPOLITAIN AND COMPANY, LIMITED PARTNERSHIP (GMCLP) TO UNBUNDLE ITS RATES AS OF OCTOBER 1, 2001 (R-3443-2000)

MARCH 16, 2001 NO: D-2001-78

Subject: Application by Gaz Métropolitain and Company, Limited Partnership (GMCLP) to unbundle its rates as of October 1, 2001.

Decision: The Régie approved the rate structure and provisions proposed by GMCLP, which give effect to the unbundling of the main components of its services, which are:

- gas supply;
- fuel gas;
- transmission;
- load balancing;
- distribution.

The Régie determined the conditions that customers must meet in order to obtain unbundled services from other suppliers, as of October 1, 2001. Rate 4 and Rate 5 customers, and customers with one metering point of at least 30,000 m³/day, are eligible in the first phase. The Régie also approves modifications to the existing procedure for subsequent rate adjustments.

The Régie ordered GMCLP to program the parameters for calculating the individual load factor for all customers, and to use the average load factor for calculating the load balancing rate for Rate 1 customers that cannot use unbundled services as of October 1, 2001.

The Régie made a determination on the treatment of certain present and future costs related to unbundling, issued a final approval of GMCLP's fuel gas service, and accepted the modifications made to the temperature adjustment method. Finally, it denied the distributor's application for a moratorium on transmission capacity commitments after 2004 and referred other complementary matters to a working group, to be set up following the decision.

APPLICATION BY GAZ MÉTROPOLITAIN AND COMPANY, LIMITED PARTNERSHIP (GMCLP) TO MODIFY ITS RATES AS OF OCTOBER 1, 2000 (R-3442-2000)

JANUARY 31, 2001 NO: D-2001-30

Subject: Partial decision on application by Gaz Métropolitain and Company, Limited Partnership (GMCLP) to modify its rates as of October 1, 2000.

Decision: On January 19, 2001, the Régie de l'énergie received a request for a partial decision on GMCLP's application to modify its rates as of October 1, 2000. GMCLP petitioned for a decision on the costs related to the use of the services provided by Union Gas Limited under contracts with Union in order to include those costs in the total expenses the Régie would determine to be necessary to enable GMCLP to cover the cost of providing its service, including the cost of gas supply. GMCLP also requested a temporary modification to the storage gas cost adjustment mechanism used for the monthly adjustment of the price of natural gas supply in order to be able to refund credits over a 3-month period, from February 1 to April 30, 2001.

The Régie recognized the costs related to the use of the services provided by Union Gas Limited, under the contracts with Union, in order to include those costs in the total expenses the Régie would determine to be necessary to enable GMCLP to cover the cost of providing its service. It therefore approved the temporary modification to the storage gas cost adjustment mechanism used for the monthly adjustment of the price of natural gas supply to permit GMCLP to refund credits over a 3-month period, from February 1 to April 30, 2001.

Natural gas

NOVEMBER 15, 2000 NO: D-2000-211

Subject: Decision on application by GMCLP for approval of implementation of Energy Efficiency Plan (EEP).

Decision: The Régie took note of the EEP tabled by the applicant, as a whole. The EEP is a set of programs to support the implementation of energy efficiency measures by both residential customers and customers in the commercial, industrial and small industry segments. The EEP will yield net income of \$4.7 million for the community of users, as measured by a Total Resource Cost Test (TRCT). The Régie determined that the EEP would not have an undue impact on rates, as measured by the Rate Impact Test (RIT), or on the competitive position of natural gas in relation to other energy sources. It approved the EEP and recognized implementation costs in the amount of \$1,743,650 as part of the distributor's total expenses.

The Régie approved the net revenue loss adjustment mechanism proposed by GMCLP for the first year, and authorized the creation of two deferred charge accounts. However, to permit a more precise assessment of the distributor's net revenue loss as a result of the EEP, the Régie asked GMCLP to develop a method for assessing the EEP's impact on market development and customer retention.

Finally, the Régie asked GMCLP to provide all relevant information for monitoring the EEP.

APPLICATION BY GAZIFÈRE INC. FOR MODIFICATION OF RATES AS OF OCTOBER 1, 2000 (R-3446-2000)

FEBRUARY 15, 2001 NO: D-2001-55

Subject: Application by Gazifère Inc. for modification of rates as of October 1, 2000.

Decision: For the test year 2001, the Régie approved a return on equity of 10.01%, calculated using the automatic indexing mechanism set out in decision D-99-09, for an average capital cost of 9.20% on an average rate base of \$53,428,000. Operating expenses were calculated using the incentive-based mechanism established under decision D-2000-48. The Régie confirmed the method used by Gazifère to establish the regulatory working capital fund and authorized the addition of taxes on income as a component in the study of working capital allocation. The Régie accepted the modifications made to the amortization rate except for building connections, for which the amount requested by Gazifère was lowered by \$238,400. The Régie denied Gazifère's application to add a \$20 on-site collection fee to its general terms and conditions.

The Régie approved the business plan and energy efficiency program submitted by the distributor, subject to certain adjustments, and authorized the distributor to charge expenses incurred in connection with the plan to a deferred account. The Régie authorized the creation of a revenue loss adjustment mechanism under the plan but rejected the proposed incentive-based mechanism and postponed implementation of a symmetrical incentive-based mechanism for the energy efficiency program until the program begins generating reliable data and predictable results.

The rates were modified as of October 1, 2000. The distributor was required to submit the text of the tariff for final decision within 30 days following the decision.

APPLICATION BY GAZ MÉTROPOLITAIN AND COMPANY, LIMITED PARTNERSHIP (GMCLP) FOR APPROVAL OF A CUSTOMER FINANCING PROGRAM (R-3447-2000)

JANUARY 30, 2001 NO: D-2001-38

Subject: Decision on application by Gaz Métropolitain and Company, Limited Partnership (GMCLP) for approval of a customer financing program and monitoring process.

Decision: The Régie approved the terms and conditions of the customer financing program and the two proposed monitoring reports. However, it required that eligible expenses per customer and subsidies granted under other programs be added to the quarterly monitoring report.

The Régie also approved a modification in the frequency of monitoring for the Consumption Rebate Program (CRP) and the Upgrade Subsidy Program (USP); reporting will henceforth be quarterly.

OCTOBER 24, 2000 NO: D-2000-188

Subject: Decision on application by GMCLP for approval of a customer financing program.

Decision: The Régie approved section F1 of the program, in which the amount of financing is limited by the customer's eligible expenses for the installation of natural gas equipment. The Régie denied the proposed section F2, which would have matched Hydro-Québec's potential offer. The Régie therefore authorized GMCLP to include in its rate base amounts related to the approved financing, and to credit the revenues generated by the loans to its cost of service.

Petroleum products

On July 21, 2000 (D-2000-141), the Régie renewed its decision D-99-133 on the operating costs borne by a gasoline or diesel fuel retailer. The Régie now has the authority to determine those costs every three years instead of annually.

A hearing on the inclusion of the operating costs borne by Québec City-area retailers of gasoline and diesel fuel was called after an application for such inclusion was filed in December 2000. Eight days of public hearings were held in Québec City, between February 26 and March 22, 2001. Final arguments were heard in Montréal on March 28.

Throughout the year, the Régie de l'énergie continued monitoring petroleum product prices which are published in its weekly *Bulletin d'information sur le prix des produits pétroliers au Québec*.

REPORT TO THE MINISTER

ANALYSIS OF THE IMPACT OF PROVISIONS OF THE ACT RESPECTING THE RÉGIE DE L'ÉNERGIE ON PRICES AND COMMERCIAL PRACTICES IN THE GASOLINE AND DIESEL FUEL RETAIL BUSINESS

JULY 26, 2000

In its report to the Minister, the Régie concluded that decision D-99-133, which determined the operating costs borne by retailers of gasoline and diesel fuel to be 3¢/litre and decided not to include them in the minimum price, had produced no significant impact. It also concluded that, at first, the decision not to include operating costs in the minimum price does not appear to have changed in any significant way the pace of change in the number of gasoline stations, which has become neither faster nor slower than what it had been for several years.

DETERMINATION OF AN AMOUNT REPRESENTING THE OPERATING COSTS BORNE BY A GASOLINE OR DIESEL FUEL RETAILER (R-3438-2000)

JULY 21, 2000

NO: D-2000-141

Subject: Decision on determination of an amount per litre representing the operating costs borne by a gasoline or diesel fuel retailer (section 59, RSQ, chapter R-6.01).

Decision: Since there has been no significant change in either market conditions or in the structure of operating costs, the Régie renewed, for a three-year period, its determination in decision D-99-133 of the operating costs borne by a gasoline or diesel fuel retailer to be 3¢ per litre.

APPLICATION FOR INCLUSION OF OPERATING COSTS BORNE BY A GASOLINE OR DIESEL FUEL RETAILER (R-3457-2000)

FEBRUARY 16, 2001

NO: D-2001-54

Subject: Decision on petition from ICPP to exclude applicants' evidence and on its requests for information.

Decision: In this decision in case R-3457-2000, the Régie denied the petition from ICPP to reject the bundle of evidence produced by the applicants Fernand Dufresne Inc. and Aquip. The Régie accepted in part ICPP's subsidiary conclusion concerning the issue of clarifications and ordered the applicants to provide certain information by February 21, 2001. It also ordered the intervenors to comply with the previous terms, as applicable, and provide references for all the evidence they file with respect to the themes of the hearing. The Régie denied some of the intervenors' requests for information.

JANUARY 23, 2001

NO: D-2001-20

Subject: Decision on petition to deny the application for inclusion, on the matters to be considered, and on the hearing procedure.

Decision: In this decision, the Régie denied the petition to reject the application for the inclusion of the amount per litre representing the operating costs borne by Québec City-area retailers of gasoline and diesel fuel in the minimum price provided under section 59 of the *Act respecting the Régie de l'énergie*. It also stipulated six matters to be considered in case R-3457-2000. The Régie established a timetable and decided to hold a public hearing in Québec City. The Régie denied the applicants' petition for all the evidence produced in cases R-3399-98 and R-3438-2000 to be entered into the file in this case, but did authorize participants to enter into the file some portions of the stenographer's notes, expert evidence and exhibits used in the previous cases, either as references or by producing the said documents on hard copy or in electronic format. The Régie also asked participants to file a detailed outline of their arguments at the hearing devoted to arguments, and set January 31, 2001 as the deadline for the filing of their budget estimates.

DECEMBER 21, 2000

NO: D-2000-328

Subject: Procedural decision - Hearing on inclusion of operating costs borne by a gasoline or diesel fuel retailer.

Decision: The Régie decided to publish a public notice to advise all parties whose rights may be affected by the application. The Régie also called all interested parties to a preparatory meeting at its Montréal office on January 16, 2001 and asked all interested parties that want to participate in the case to submit their petitions for intervenor status prior to the preparatory meeting.

DURING THE COMING YEAR, THE RÉGIE WILL DEAL WITH A NUMBER OF IMPORTANT CASES IN EACH OF THE AREAS UNDER ITS JURISDICTION.

IN ADDITION TO ITS REGULATORY ACTIVITIES, THE RÉGIE FORESEES THE ADOPTION OF THE REGULATIONS ON THE APPROVAL OF THE SUPPLY PLANS AND INVESTMENTS OF NATURAL GAS AND ELECTRIC POWER DISTRIBUTORS AND OF THE ELECTRIC POWER CARRIER. THE REGULATIONS WILL ENABLE THE RÉGIE TO BEGIN EXERCISING ITS FULL POWERS IN THIS AREA.

Priorities for 2001-2002

In the electricity sector, the Régie will issue a decision on Hydro-Québec's application for approval of an electricity transmission rate. It will conclude its review of *Bylaw 634 respecting the conditions governing the supply of electricity* by Hydro-Québec, following public hearings on the subject. The Régie will begin a review of the cost of Hydro-Québec's distribution service at the appropriate time, in view of the electric power rate freeze, which extends until April 2002, and the possibility that rates will be held at their current levels past that date.

The Régie will be called upon to approve the distributor's supply plan, and the investments of the carrier and the distributor, in accordance with conditions to be determined by the Régie regulations which will apply at the time.

The Régie will also monitor the distributor's supplies and approve its supply contracts.

CALENDAR — ELECTRICITY

Cost of service for electricity transmission in Québec

Review of conditions governing the supply of electricity by Hydro-Québec (Bylaw 634)

Hydro-Québec's application for approval of a tender solicitation and contract awarding procedure, and of a code of ethics applicable to electric power supply contracts

Approval of electric power supply contracts required to meet the needs of Québec markets in excess of the heritage electricity pool

Approval of operational and technical standards (standards of reliability) for Hydro-Québec's transmission system

Handling of consumer complaints

With regard to natural gas, the Régie will use for the second year incentive-based mechanisms and a negotiated settlement process to determine the rates of Gaz Métropolitain and Company, Limited Partnership (GMCLP). It will also study the second phase of GMCLP's application to unbundle its rates and will issue a decision on, among other things, expanded access to the distributor's unbundled services as of October 1, 2001.

An application from GMCLP to supply its franchise with natural gas from eastern Canada (the Sable Island gas basin) could also come before the Régie.

The Régie will study an application from distributor Gazifère Inc. to modify its rates as of October 1, 2001.

The Régie intends to consider the management of natural gas supplies by the distributors and the formula for determining natural gas costs.

Finally, the Régie will also be called upon to approve the two distributors' supply plans and their investments, in accordance with conditions to be determined and set out in Régie regulations. Until those regulations are adopted, the Régie will continue to examine applications for system extensions from the natural gas distributors in accordance with the currently applicable procedure.

CALENDAR — NATURAL GAS

2001 rate cases of natural gas distributors

Unbundling of GMCLP's rates (phase II)

System extensions

Handling of consumer complaints

In terms of petroleum products, the Régie will issue a decision on the expediency of including the operating costs borne by a retailer of gasoline or diesel fuel for the Québec City region in the calculation of the minimum price provided for under the *Act respecting petroleum products and equipment*.

The Régie will analyze the impact of its decision of July 2000 and the relevant provisions of the *Act respecting the Régie de l'énergie* on prices and commercial practices in the gasoline and diesel fuel retail business.

CALENDAR — PETROLEUM PRODUCTS

Monitoring prices and informing consumers

Report on impact of Régie's decision of July 2000 on prices and commercial practices

CONTACTS IN CANADA AND ABROAD

At the continental level, the Régie will continue its contacts with its Canadian, American and Mexican counterparts. It will nurture its particularly close ties with the Ontario Energy Board, the members of the National Association of Regulatory Utility Commissioners in the U.S., and Mexico's Comisión Reguladora de Energía. It will also continue to play an active role in the Canadian Association of Members of Public Utility Tribunals.

Internationally, the Régie will continue its contacts with a number of regulators, maintaining the relationships initiated at the World Forum on Energy Regulation held in Montréal May 2000.

AS A PUBLIC AGENCY, THE RÉGIE DE L'ÉNERGIE IS REQUIRED TO COMPLY WITH A NUMBER OF ACTS AND REGULATIONS, INCLUDING THOSE THAT RELATE TO ETHICS.

THE ACT RESPECTING THE MINISTÈRE DU CONSEIL EXÉCUTIF STIPULATES THAT THE RÉGIE'S CODE OF ETHICS AND PROFESSIONAL CONDUCT, ADOPTED PURSUANT TO THE REGULATION RESPECTING THE ETHICS AND PROFESSIONAL CONDUCT OF PUBLIC OFFICE HOLDERS (G.O. II, §635), IS TO BE PUBLISHED IN ITS ANNUAL REPORT.

GOVERNMENT ACTION PLAN ON PERSONAL INFORMATION

Within the framework of the Government Action Plan on the Protection of Personal Information, in accordance with the instructions received from the Assistant General Secretary of the Conseil exécutif responsible for the matter, an internal committee of the Régie de l'énergie continued its work.

During the year 2000-2001, the committee issued the annual reminders concerning the use of fax machines and e-mail suggested by the Commission d'accès à l'information. It also launched a review of current practices concerning the use and destruction of personal information.

The committee intends to continue its efforts along these lines in the coming year.

RÉGIE DE L'ÉNERGIE COMMISSIONERS' CODE OF ETHICS AND PROFESSIONAL CONDUCT

GENERAL PRINCIPLES

1. Commissioners shall at all times conduct themselves with loyalty and dignity, demonstrate reserve, and abstain from any statement or action that is incompatible with their duties.

In the performance of their mandate, Commissioners shall promote the satisfaction of Québec's energy needs in accordance with the principles of sustainable development and with attention to economic, social and environmental concerns. They shall also reconcile the public interest, consumer protection and equitable treatment of distributors.

IMPARTIALITY

2. Commissioners shall demonstrate impartiality at all times. They shall act and be seen to act objectively and without prejudice. They shall abstain from expressing in public any opinions that might cast doubt on their objectivity or impartiality, or that of the Régie.

INDEPENDENCE

3. Commissioners shall at all times defend the independence of their office. They shall perform their duties free of all interference. They shall avoid placing themselves in an equivocal position.

POLITICAL NEUTRALITY

4. Commissioners shall set aside their personal political opinions so as to perform their duties with due objectivity.

Commissioners shall exercise reserve in the public expression of their political opinions and shall not belong to any advocacy group that takes positions on energy-related matters.

CONFLICTS OF INTEREST

5. Commissioners shall avoid placing themselves in a position of conflict of interest. They shall arrange their personal affairs so as not to interfere with the performance of their duties. They shall not use the power of their position to obtain or grant any benefit or favour.

Commissioners shall have no interest, direct or indirect, in any company that produces, transports, distributes or supplies energy, or in any organization, association or undertaking an interest in which would create a conflict between their personal interests and the duties of their position.

DECLARATION OF INTERESTS

6. Each Commissioner shall submit an annual written declaration to the Chairman of the Régie stating all the interests he or she possesses which he or she believes could create a conflict of interest.

RECUSAL

7. Commissioners shall recuse themselves from any deliberations in which their ability to deal impartially with the application under consideration could be in doubt.

A Commissioner shall bring any situation which he or she deems to be problematic to the attention of the Chairman of the Régie.

CONFIDENTIALITY

8. Commissioners shall swear an oath of confidentiality upon entering upon their duties. Commissioners shall abstain from making any comment or taking any public position on any file, whether or not they are personally responsible for that file, and shall express their points of view only through the decisions rendered by the Régie.

Commissioners shall at all times respect the confidentiality of the documents and information to which they are made privy in the performance of their duties and may not use them for personal ends.

DUTY TO ACT WITH EQUITY

9. At hearings and in examining applications, Commissioners shall ensure that all participants have the opportunity to be heard and to make their arguments, insofar as those arguments are admissible and relevant.

At hearings, Commissioners shall maintain order, taking a firm but courteous attitude which fosters mutual respect among all present.

COLLEGIALITY

10. Each Commissioner shall provide his or her colleagues with appropriate support, while respecting the areas of competence of each. Commissioners shall strive to ensure that the decisions rendered by the Régie are consistent, so that all intervenors who appear before the Régie receive equitable treatment.

EXCELLENCE

11. Commissioners shall keep their professional skills and knowledge current so as to maintain the quality of their work.

DILIGENCE

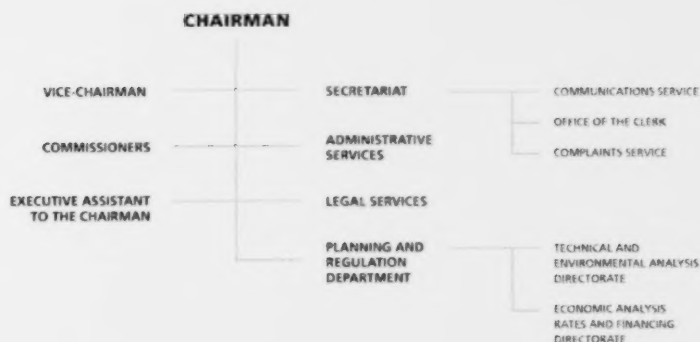
12. Commissioners shall render written, reasoned decisions, effectively and diligently, in plain language.

OATH

13. Upon entering upon their duties, Commissioners shall take the following oath: "I, ... , Commissioner, do solemnly declare that I will exercise the powers and perform the duties of my position impartially and honestly, to the best of my ability and knowledge."

THE RÉGIE DE L'ÉNERGIE IS COMPOSED OF SEVEN PERMANENT COMMISSIONERS AND TWO SUPERNUMERARY COMMISSIONERS. A TEAM OF 86 MANAGERS, PROFESSIONALS AND SUPPORT STAFF PROVIDES THE COMMISSIONERS WITH ANALYSES, LEGAL OPINIONS AND FOLLOW-UP ON FILES. THE RÉGIE DE L'ÉNERGIE IS AN INDEPENDENT AGENCY FUNDED BY DUTIES AND FEES PAID ON A USER-PAY BASIS BY THE REGULATED DISTRIBUTORS. ITS EXPENSES FOR THE LAST FISCAL YEAR TOTALLED AN ESTIMATED \$7,176,433.

The Régie's structure



OPERATION

The Chairman of the Régie, who also sits as a commissioner, coordinates and distributes the work of the commissioners. He is responsible for administration of the Régie and supervises its personnel. He initiates appropriate inquiries and investigations under the Act. He is assisted by an Executive Assistant and a support team.

The Management Committee consists of eight managers: the Chairman, the Vice-Chairman, the Secretary, the Executive Director, the Director of Legal Services, the Director of Administrative Services, the Communications Director, and the Executive Assistant to the Chairman. The Committee discusses the Régie's administrative affairs, including the allocation of resources to various operations. The Committee also monitors administrative and financial matters.

The Committee of Commissioners, composed of all the commissioners, meets to discuss the Régie's general directions and the coordination of the regulatory agenda.

ADMINISTRATIVE STRUCTURE

The Régie has a streamlined structure composed of the Chairman's Office and four departments. The majority of the Régie's employees work at the head office in Montréal, where most activities and hearings take place. The Régie also has an office in Sainte-Foy to serve clients in the Québec area and eastern Québec.



The Chairman's Office
and the commissioners' assistants

THE COMMISSIONERS HAVE BACKGROUNDS IN THE ENERGY INDUSTRY, ENVIRONMENTAL ORGANIZATIONS, LAW, GOVERNMENT AND ADMINISTRATIVE TRIBUNALS. TO ARRIVE AT THE BEST DECISION, THEY EXAMINE THE EVIDENCE INTRODUCED BY INTERVENORS AND THEIR WITNESSES AT THE HEARINGS OR ON THE BASIS OF THE FILE. THEY ANALYZE THE EVIDENCE, WITH THE SUPPORT OF THE TECHNICAL AND LEGAL DEPARTMENTS, BEFORE DRAFTING THEIR DECISIONS. THEY EXERCISE THEIR QUASI-JUDICIAL POWERS INDEPENDENTLY AND IMPARTIALLY.

Commissioners

CHAIRMAN

JEAN A. GUÉRIN

A native of Québec City, Jean Guérin has a Master's degree in Economics from the University of Ottawa. After holding several senior positions in the Canadian government, he was a senior official with the ministère de l'Énergie et des ressources du Québec between 1977 and 1981. He then served as vice-president, development with the Société québécoise d'initiatives pétrolières (SOQUIP) from 1981 to 1988, executive director of Consortium Soligaz (1988-1993), senior partner with Saint-Aix-Groupe Conseil (1994-1997) and a member of the 1995 commission of inquiry that examined Hydro-Québec's policy on purchasing electricity from private sources.

VICE-CHAIRMAN

LISE LAMBERT

A native of Lévis, Ms. Lambert has a Law degree from Université Laval and is a member of the Barreau du Québec. A litigator with the law firm of Vézina Pouliot from 1971 to 1982, Ms. Lambert held the position of vice-president and commissioner with the Commission des transports du Québec from 1982 to 1997.

ANITA CÔTE-VERHAAF

A native of the Rivière-du-Loup area, Ms. Anita Côté-Verhaaf has a Master's degree in Economics from Université de Montréal. She began her career as an economist in 1978 at the Université de Montréal economic development research centre. She subsequently served as senior economist with Lavalin-Econosult from 1979 to 1982. From 1982 to 1989, she occupied various positions with Gaz Métropolitain and Company, Limited Partnership, including senior advisor, regulatory affairs. From 1989 to 1999, she was a member of the National Energy Board. In that capacity, she served as chairperson or member of numerous NEB panels. She took up her duties as a Régie commissioner in November 2000.



MICHEL DORÉ

(STARTING MAY 14, 2001)

A native of Métabetchouan, Mr. Doré graduated in Law from Université Laval. From 1972 to 1986, he was a practising notary and a partner in the firm of Doré & Doré. In 1986, he was appointed a member of the Immigration and Refugee Board. In 1994, he returned to private practice and served as a special consultant on immigration and parole for two years. He was then appointed to the Commission des transports du Québec and served as a commissioner until his appointment to the Régie in May 2001.

ANDRÉ DUMAIS

(TERM ENDED IN JUNE 2001)

A native of Trois-Rivières, Mr. Dumais has a degree in Civil Engineering from Université Laval and belongs to the Ordre des ingénieurs du Québec. From 1971 to 1997, Mr. Dumais held a variety of senior positions with Shell Canada. Following a transfer to the planning department of Royal Dutch Shell in London, Mr. Dumais worked as superintendent of Shell's Eastern Montréal oil refinery and was subsequently named vice-president, marketing for Québec and the Maritimes. While president of the Québec division of the Canadian Petroleum Products Institute from 1990 to 1993, he contributed to the work of the Québec Government's Groupe-Conseil Énergie. He also sat as a member of the Consultation Panel for the Public Debate on Energy.

ANTHONY FRAYNE

A native of the United Kingdom, Mr. Frayne earned a Bachelor's degree in Economics from the London School of Economics and an MBA from McGill University. He served as an economist with Canada's Department of Transport from 1972 to 1979 and then continued his career with Hydro-Québec from 1979 to 1987 and 1990 to 1997. His work involved rate design, general planning and international relations. He also supervised a study of electricity rates in Uruguay for Hydro-Québec International. He was director of financial analysis and planning for Montréal's public transit commission (STCUM) from 1987 to 1990. Mr. Frayne qualified as a fellow of the Institute of Chartered Accountants of England and Wales.

MARC-ANDRÉ PATOINE

A Montréal native, Mr. Patoiné earned a Law degree from Université de Montréal and was a lawyer in private practice from 1967 to 1975. He joined the School Council of the Island of Montréal as head of the legal department in 1976. In 1979, he was appointed director of the legal department of the ministère de l'Éducation du Québec. He was a litigator with the ministère de la Justice from 1983 to 1999, representing the Attorney General of Québec in civil, administrative and constitutional cases at all levels. He was appointed a commissioner with the Régie de l'énergie in 1999.

CATHERINE RUDEL-TESSIER

A native of Montréal, Ms. Rudel-Tessier earned a Law degree from Université de Montréal and a Master's degree in Public Law from Université Laval. She worked for various Québec Government ministries from 1976 to 1981; her functions included coordinating follow-up on draft legislation for the Revenue and Transport ministries. From 1981 to 1985, she handled press relations for the Office of the Premier of Québec. Ms. Rudel-Tessier was a commissioner with the Commission des Affaires sociales du Québec from 1985 to 1997.

FRANÇOIS TANGUAY

A native of Montréal, Mr. Tanguay has been active in environmental protection since the late 1960s and has acquired practical experience in that field. He was co-founder of Les Amis de la Terre (Québec) and worked with several environmental groups before becoming coordinator for energy issues with Greenpeace Québec and then head of the organization. In that capacity, he was asked to sit on the Consultation Panel for the Public Debate on Energy. He has also hosted programs about the environment for Radio-Canada and has published several works on ecological construction.

JEAN-NOËL VALLIÈRE

Mr. Vallière is from the town of Asbestos and has a Bachelor's degree in Economics from Université Laval. He is an economist and worked as research officer for the ministère des Transports and the ministère de l'Énergie et des ressources from 1974 to 1988. From 1988 to 1994, he was responsible for producing the *Essence Express* newsletter, published by the ministère de l'Énergie et des ressources. He then worked as research officer in the natural gas and oil directorate of the ministère des Ressources naturelles du Québec from 1994 to 1998.

THE RÉGIE'S TEAM IS WELL EDUCATED; NEARLY 63% OF ITS PROFESSIONALS AND MANAGERS HAVE MASTER'S DEGREES. THE RÉGIE HAS AN AUTHORIZED STAFFING LEVEL OF 63 REGULAR POSITIONS AND A BUDGET FOR UP TO 20 20 TEMPORARY EMPLOYEES DURING PEAK PERIODS.

SECRETARIAT

The Secretariat is the first point of contact with the Régie. It speaks on the Régie's behalf and acts as the sole contact with intervenors. The Secretary of the Régie coordinates hearing agendas with interested parties and is responsible for information exchange and procedural follow-up. Given its quasi-judicial nature, the Régie has a duty to exercise discretion.

The Secretariat is also responsible for distributing the Régie's decisions and publicizing its role. It is made up of three divisions:

Office of the Clerk: Keeps the Régie's records and is responsible for managing and distributing all public documents related to the Régie's work.

Consumer complaints information line: Receives over 200 telephone calls each month from consumers seeking information on their recourse or wishing to file a complaint against an energy distributor.

Communications service: Designs, implements and follows up on the external and internal communications program, and maintains ongoing relations with the public and the media. The Régie applies a transparent communications strategy designed to provide full information on its decisions and opinions.



ADMINISTRATIVE SERVICES

Administrative Services supports the Régie's daily activities. The Department consists of the Human, Financial, Physical and Information Resources Directorate, the Documentation Centre and Reception.





PLANNING AND REGULATION DEPARTMENT

The Department provides the Régie with economic, financial and technical expertise, consulting services and the opinions that may be required by the Régie in the course of its activities, particularly in matters pertaining to the analysis of applications. It provides leading-edge expertise tailored to the nature and complexity of the issues under the Régie's jurisdiction.

It also provides the Régie's commissioners with the analyses required for informed decision-making, taking into account all the factors involved in the matters under consideration. The Department sees to it that basic regulatory approaches are maintained in a consistent manner. Through its work and research, it supports the adaptation of the regulatory framework to different market environments and to the assessments of regulatory practices.

The Department consists of two directorates:

The Economic Analysis, Rates and Financing Directorate provides expert analyses of all economic, accounting and financial aspects of the Régie's work, primarily for the purpose of setting the rates of regulated distributors.

The Technical and Environmental Analysis Directorate assesses all matters submitted to the Régie from the technical and environmental points of view. It performs the required analyses for the purpose of monitoring the operations of Hydro-Québec and natural gas distributors.



LEGAL SERVICES

The members of the Legal Services provide legal advice on all matters related to the interpretation of the Act and the regulations, and on all applications brought before the commissioners for decision or for submission of an opinion to the Government. The legal advisers act as attorneys, represent the Régie and question participants in the hearings. They also help prepare regulations and other legal texts required for the Régie's operations.

NO ONE CAN DO WITHOUT ENERGY, BE IT IN THE FORM OF NATURAL GAS OR ELECTRICITY. ENERGY IS ESSENTIAL TO US ALL. THE RÉGIE STRIVES TO ENSURE THAT RELATIONS BETWEEN THE PROVIDERS OF THIS BASIC NECESSITY AND CONSUMERS ARE HARMONIOUS, AND THAT CONSUMERS KNOW THE RULES OF THE GAME.

CONSUMERS WHO HAVE GRIEVANCES OR SIMPLY ARE EXPERIENCING COMMUNICATION PROBLEMS WITH THEIR DISTRIBUTOR OF NATURAL GAS OR ELECTRICITY CAN CALL THE RÉGIE'S TOLL FREE INFORMATION LINE, BASED IN MONTRÉAL AND QUÉBEC CITY, FOR INFORMATION ON THE PROCESS FOR FILING A COMPLAINT WITH THEIR DISTRIBUTOR. THE SERVICE ALSO PROVIDES INFORMATION ON THEIR RECOURSE BEFORE THE RÉGIE IF THEY FAIL TO OBTAIN SATISFACTION. IN SHORT, IT EXISTS TO SERVE CONSUMERS WHEN THEY NEED IT.

The complaint process

Responsive to consumers' needs

In 2000-2001, the Régie's Office of the Clerk received 228 written complaints. 180 decisions were rendered during the same period. The Information line responded to more than 2,500 calls from consumers about their rights and recourse against their natural gas and electricity distributors.

The procedure

For each distributor, the Régie has approved a specific procedure for handling consumer complaints about the application of the rates or conditions of service (decision D-98-25).

In general terms, the procedure is as follows:

1.
Consumer complaints concerning the application of the rates or conditions of service must first be filed with the distributor's customer service department, which can be contacted at the number or address that appears on the invoice.
2.
If the consumer is dissatisfied with the response, he or she can file a written complaint with the distributor. The distributor then has 60 days to provide a written decision on the complaint.
3.
If the consumer is still dissatisfied with the distributor's decision, he or she can ask the Régie to review the matter by filing a written complaint outlining the reasons for his or her dissatisfaction within 30 days of the distributor's decision. The complaint should be addressed to the Régie's Secréariat and accompanied by the distributor's decision and a cheque or money order for \$30 made out to the Régie de l'énergie.
4.
Failing an agreement between the distributor and the consumer, the Régie examines the complaint on the basis of the evidence in the file. It may also decide to hold a hearing, either at its own initiative or in response to a request from the complainant or the distributor.

Distributors

COOPÉRATIVE RÉGIONALE D'ÉLECTRICITÉ DE SAINT-JEAN-BAPTISTE DE ROUVILLE •
GAZIFÈRE INC. • GAZ MÉTROPOLITAIN AND COMPANY, LIMITED PARTNERSHIP •
HYDRO-COATICOOK • HYDRO-QUÉBEC • HYDRO-SHERBROOKE • VILLE D'ALMA • VILLE
D'AMOS • VILLE DE BAIE-COMEAU • VILLE DE JOLIETTE • VILLE DE JONQUIÈRE •
VILLE DE MAGOG • WESTMOUNT HYDRO

The Régie de l'énergie's jurisdiction

The Régie de l'énergie has exclusive decision-making power to:

- examine any complaint filed by a consumer concerning the application of a rate or a condition governing the supply or transmission of electric power by an electric power distributor;
- examine any complaint filed by a consumer concerning the application of a rate or a condition governing the transmission, supply or storage of natural gas by a natural gas distributor;
- see to it that consumers are charged the applicable rates and are subject to the applicable conditions (section 31 PAR 4 and 4.1 of the *Act respecting the Régie de l'énergie*).

Under current legislation and regulations, the Régie de l'énergie has no jurisdiction to deal with complaints in some areas, including:

- monetary sanctions applicable in cases of theft of energy (see decisions D-98-167 and D-2000-13);
- the terms of payment of a debt owed to a distributor (see decision D-98-26 and others);
- claims for damages and interest against a distributor (see decision D-98-140 and others);
- applications that are not complaints from a customer of the distributor (see decision D-98-70 and others).

Additional Information

For more information on the complaints procedure for a specific distributor, consumers can call the Régie's complaints information line:

(514) 873-5050 Montreal area

(418) 646-0970 Québec City area

1 888 873-2452 outside Montréal and Québec City

TO KEEP THE PUBLIC INFORMED, THE RÉGIE REGULARLY UPDATES ITS WEB SITE. A PAGE IS CREATED FOR EACH PUBLIC HEARING, MAKING ALL RELEVANT INFORMATION AVAILABLE IN REAL TIME. THE SITE HAS BECOME A VITAL REFERENCE SOURCE IN THE ENERGY INDUSTRY.

www.regie-energie.qc.ca

CONSUMERS HAVE BEEN INCREASINGLY CONCERNED ABOUT VOLATILE PRICES FOR PETROLEUM PRODUCTS, PARTICULARLY GASOLINE AND DIESEL FUEL, AND ARE REACTING MORE STRONGLY TO THE FREQUENT PRICE FLUCTUATIONS. IN THIS ENVIRONMENT, THE REGIE'S BULLETIN D'INFORMATION SUR LES PRIX DES PRODUITS PÉTROLIERS AU QUÉBEC IS A PARTICULARLY IMPORTANT TOOL FOR FOLLOWING PRICE CHANGES ON A WEEK-TO-WEEK BASIS.

Petroleum products

Since sections 55 to 58 of the *Act respecting the Régie de l'énergie* took effect on November 1, 1997, the Régie has been monitoring the price of petroleum products in Québec's 17 administrative regions, compiling them and informing interested parties by telephone, over the Internet and in print. It also calculates the estimated minimum price of gasoline and diesel fuel, based on the wholesale price at the loading ramp in Montréal, on a weekly basis. The main vehicle for distributing this information is the *Bulletin d'information sur les prix des produits pétroliers au Québec*, a weekly publication on petroleum product prices which has become the standard reference on the subject in Québec. This service responds to the concerns of the public by providing comprehensive, up-to-date information on petroleum product price trends every week.

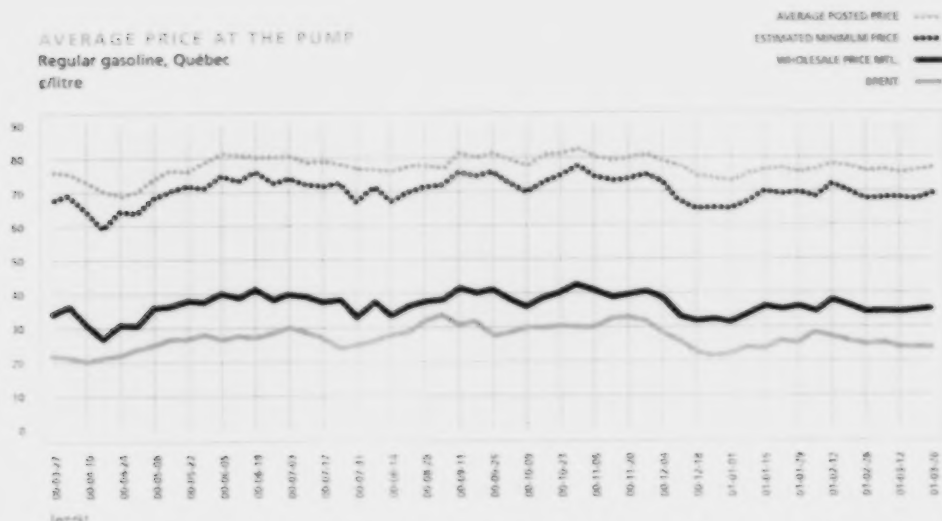
PRICES EVOLUTION DURING THE PAST YEAR

During the past year, i.e. from April 1, 2000 to March 31, 2001, the average price of regular gas at the pump for all of Québec was 77.4¢/litre, a 10.1¢ increase over the 67.3¢/litre average recorded during the same period of the previous year. Prices fluctuated widely around that average, peaking at 82.5¢/litre during the week of October 30, 2000 and bottoming at 68.9¢/litre during the week of April 24, 2000.

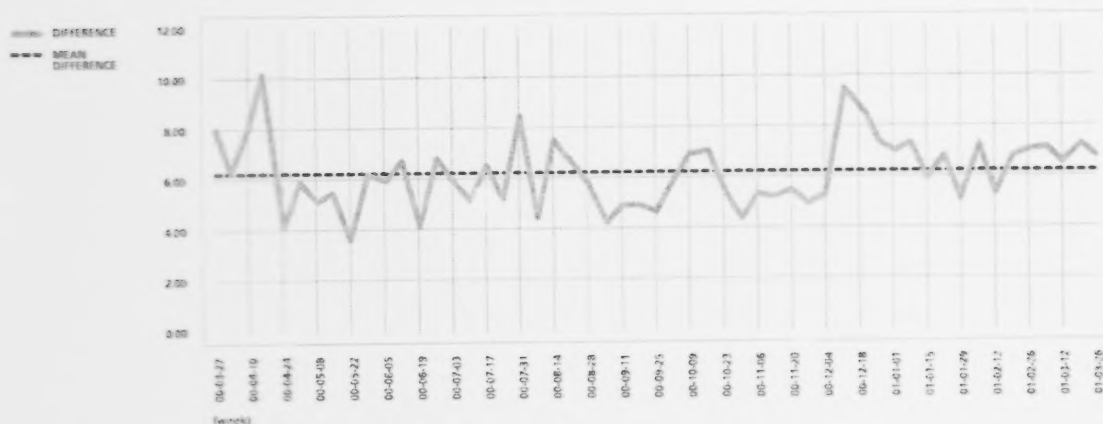
During the same period, the estimated minimum price trended upward in tandem with the wholesale price for gasoline at the loading ramp in Montréal. It averaged 70.3¢/litre between April 2000 and March 2001, compared with 59.5¢/litre during the same period of the previous year. The estimated minimum price hit a peak of 77.5¢/litre during the week of October 30, 2000 and a low of 59.4¢/litre during the week of April 17, 2000. The average spread between the price of regular gasoline at the pump, before taxes, and the estimated minimum price was 6.2¢/litre during the period, compared with 6.8¢/litre during the previous year.

There were also substantial fluctuations in prices for heating oil and diesel fuel in comparison with the previous year. The average price of heating oil from April 2000 to March 2001 was 50.6¢/litre, up from 39.7¢/litre in 1999-2000. The price peaked at 56.1¢/litre during the week of November 27, 2000. Four months later, during the week of March 19, 2001, a litre of heating oil was selling at 46.0¢, its lowest price of the year. The average price of diesel fuel for the year was 78.3¢/litre, 15.2¢ higher than the previous year. It peaked at 86.1¢/litre during the week of December 4, 2000 and bottomed at 72.7¢/litre during the week of May 8, 2000.

AVERAGE PRICE AT THE PUMP
Regular gasoline, Québec
¢/litre



Petroleum product prices

DIFFERENCE BETWEEN AVERAGE PRICE AT THE PUMP
AND ESTIMATED MINIMUM PRICERegular gasoline, Québec
¢/litreESTIMATED MINIMUM PRICE OF REGULAR GASOLINE
AND AVERAGE POSTED PUMP PRICE

RÉGION	WEEK OF MARCH 27, 2000		WEEK OF JULY 31, 2000		WEEK OF NOVEMBER 27, 2000		WEEK OF MARCH 26, 2001	
	MIN	AVE	MIN	AVE	MIN	AVE	MIN	AVE
1. Bas-Saint-Laurent	66.27	76.90	65.81	75.69	73.86	80.26	67.92	78.09
2. Saguenay-Lac-Saint-Jean	63.86	78.51	63.40	76.62	71.45	80.62	65.64	74.65
3. Québec City	68.24	72.47	67.78	73.09	75.84	75.94	70.10	78.27
4. Mauricie	68.32	74.40	67.86	76.09	75.92	78.19	70.05	76.19
5. Estrie	68.74	76.13	68.28	78.07	76.33	81.57	70.54	76.61
6. Montréal	69.94	76.43	69.48	74.99	77.53	83.34	71.75	79.18
7. Outaouais	64.94	74.47	64.48	71.73	72.53	77.07	66.88	70.90
8. Abitibi-Témiscamingue	65.95	79.61	65.29	76.76	73.34	80.61	67.50	75.73
9. Côte-Nord	65.56	79.78	65.10	78.03	73.16	79.65	66.81	74.70
10. Nord-du-Québec	66.14	83.98	65.68	86.58	73.73	88.45	68.05	84.68
11. Gaspésie-Îles-de-la-Madeleine	65.75	75.90	65.29	74.70	73.34	79.70	67.59	76.03
12. Chaudière-Appalaches	68.31	73.37	67.85	74.00	75.90	77.06	70.15	78.11
13. Laval	70.05	76.46	69.59	75.78	77.64	82.21	71.72	79.04
14. Lanaudière	68.30	77.96	67.84	78.32	75.89	83.63	70.05	76.65
15. Laurentides	67.34	77.61	66.84	77.87	74.93	77.96	69.07	73.44
16. Montérégie	68.32	76.04	67.86	75.99	75.92	84.04	70.12	77.47
17. Centre-du-Québec	68.66	76.23	68.20	77.73	76.25	81.07	70.41	76.90
Québec weighted mean:	68.00	76.27	67.53	75.92	75.60	80.88	69.77	77.01

MIN: Estimated minimum price = estimated wholesale price + average minimum transportation + taxes

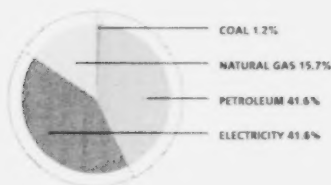
Note that the estimated minimum price should be considered a benchmark price. The estimated minimum price published by the Régie for a given region is an average; there may be variations in the estimated minimum price within a single region.

AVE: Mean pump price from sampling surveys

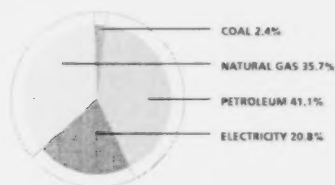
N.B. The estimated minimum price is calculated on the basis of the estimated wholesale price for Thursday of the preceding week, pursuant to the Ministerial Order of November 26, 1997, replacing Order 96-350.

COMPARISON OF ENERGY CONSUMPTION QUÉBEC AND CANADA, 1999

CONSUMPTION IN QUÉBEC 1999



CONSUMPTION IN CANADA 1999
(excluding Québec)



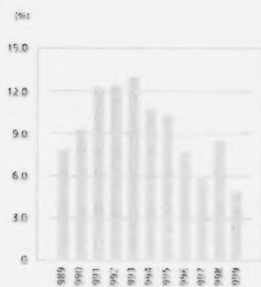
Energy regulation

THE ENERGY INDUSTRY'S ECONOMIC IMPORTANCE

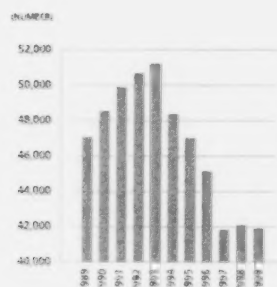
Québec's economic growth is driven in large part by development of the energy industry, accounting for over 4% of Québec's gross domestic product (GDP). Approximately 34.5 million tons of oil equivalent (TOEs) are consumed yearly in Québec's substantial energy market with energy sales totalling \$17.6 billion. In 1999, energy industry investment declined slightly in comparison with 1998 to a total of \$2.1 billion, 4.9% of all investment in Québec. The number of jobs in the industry held steady at 41,935.

Since the mid-80s, oil's market share has shrunk slightly, while electricity and natural gas have increased. However, oil and electricity remain the two most widely used forms of energy in Québec. Québec's energy profile differs significantly from Canada's in that electricity has a much larger market share than natural gas.

ENERGY INVESTMENT AS A
PERCENTAGE OF TOTAL INVESTMENT
IN QUÉBEC, 1989 TO 1999



TOTAL EMPLOYMENT
IN THE ENERGY INDUSTRY,
1989 TO 1999

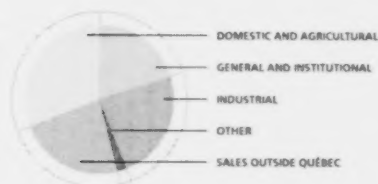


Electric power

14 Electricity in Québec 1/1/2001

SALES

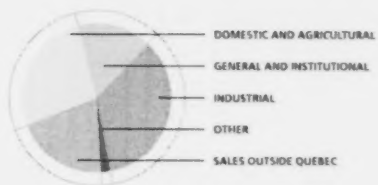
Sales revenues derive mainly from the domestic/agricultural and industrial markets. The volume of residential sales reflects social choices made with respect to energy over the past four decades.



TYPE OF CUSTOMER	REVENUE	
Hydro-Québec	(\$000)	(%)
Sales in Québec:		
- Domestic and agricultural	3,167,000	31.1
- General and institutional	2,002,000	19.7
- Industrial	2,405,000	23.6
- Other	220,000	2.2
Total	7,794,000	76.6
Sales outside Québec	2,380,000	23.4
Total sales	10,174,000	100.0

VOLUME

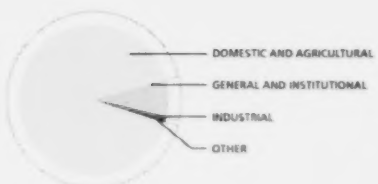
Electricity sales, by volume, are mainly concentrated in the domestic/agricultural and industrial markets. Sales outside Québec increased during the year and accounted for 19.6% of total sales in 2000.



TYPE OF CUSTOMER	VOLUME	
Hydro-Québec	(MILLIONS OF KWH)	(%)
Sales in Québec:		
- Domestic and agricultural	51,666	27.2
- General and institutional	30,490	16.0
- Industrial	65,950	34.7
- Other	4,651	2.4
Total	152,757	80.4
Sales outside Québec	37,323	19.6
Total sales	190,080	100.0

ACCOUNTS

91.5% of customers belong to the domestic and agricultural categories.



TYPE OF CUSTOMER	ACCOUNTS	
Hydro-Québec		(%)
In Québec:		
- Domestic and agricultural	3,228,610	91.5
- General and institutional	281,107	8.0
- Industrial	13,081	0.4
- Other	5,941	0.2
Total	3,528,739	100.0
Outside Québec	86	0.0
Total	3,528,825	100.0

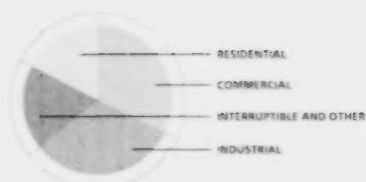
Hydro-Québec, 1000, 10000, 100000, 1000000

Natural gas

1 January 2000 to 31 December 2000

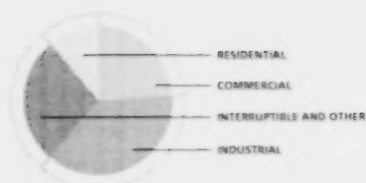
REVENUE

TYPE OF CUSTOMER	REVENUE	
	(\$000)	(%)
Residential	252,108	17.4
Commercial	465,983	32.1
Industrial	465,559	32.1
Interruptible and other	267,360	18.4
Total	1,451,010	100.0



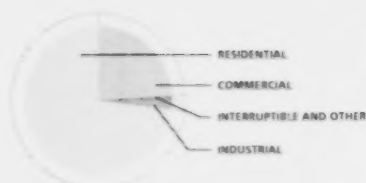
VOLUME

TYPE OF CUSTOMER	VOLUME	
	(THOUSANDS OF M ³)	(%)
Residential	694,255	11.0
Commercial	1,511,827	23.9
Industrial	2,365,339	37.4
Interruptible and other	1,748,989	27.7
Total	6,320,410	100.0



CUSTOMERS

TYPE OF CUSTOMER	NUMBER OF CUSTOMERS	
		(%)
Residential	128,540	73.9
Commercial	43,413	24.9
Industrial	1,945	1.1
Interruptible and other	140	0.1
Total	174,038	100.0



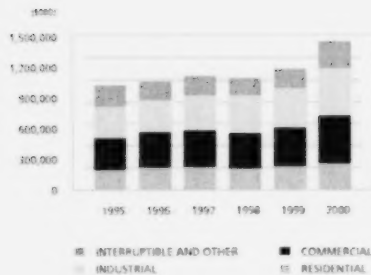
SUPPLIERS

SOURCES OF SUPPLY		
	(\$000)	(%)
System gas-GMCLP	336,111	41.2
Enbridge Consumers Gas-Gazifère	26,926	3.3
Buy/sell-GMCLP	452,596	55.5
Total	815,633	100.0



Natural gas

SALES BY MARKET SEGMENT

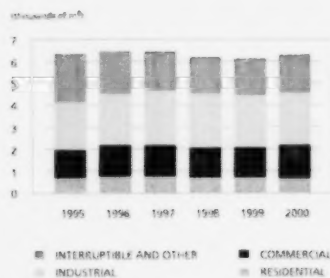


Natural gas sales have increased by 42.7% since 1995. Sales to customers with interruptible service have increased 25.7% while firm service sales to industrial customers have soared 50.3%.

Natural gas deliveries are dependent on the weather, which affects heating needs in winter, on the economic cycle, and on the use of gas by manufacturers. Gas product prices are determined by market forces. Prices of alternative energy sources, especially petroleum, also influence users' decisions to opt for one form of energy or another for a given period of time.

BEFORE NORMALIZATION (\$000)	1995	1996	1997	1998	1999	2000	CHANGE 1995-2000	
Gaz = GMCLP+Gazifère								(%)
Residential	188,395	210,708	214,672	201,739	217,553	252,108	63,713	33.8
Commercial	305,808	346,774	356,503	344,600	383,843	465,983	160,175	52.4
Industrial	309,719	312,300	346,461	369,932	382,414	465,559	155,840	50.3
Interruptible and other	212,653	190,820	189,379	169,669	196,327	267,360	54,707	25.7
Total	1,016,575	1,060,602	1,107,015	1,085,940	1,180,137	1,451,010	434,435	42.7
Change (%)	(10.9)	4.3	4.4	(1.9)	8.7	23.0		

VOLUME BY MARKET SEGMENT IN QUÉBEC



The volume of natural gas sales increased by approximately 3.8% over the last year. There was a 3.7% increase in sales to interruptible users.

Sales by volume have increased by 0.3% since 1995. Sales to commercial customers rose 19.5% over the period. Sales to customers with interruptible service fell by 20.8%.

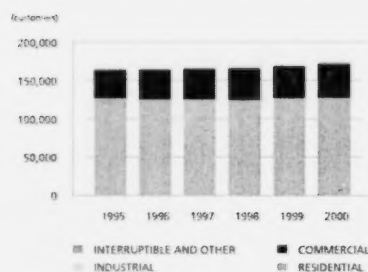
BEFORE NORMALIZATION (THOUSANDS OF M³)	1995	1996	1997	1998	1999	2000	CHANGE 1995-2000	
Gaz = GMCLP+Gazifère								(%)
Residential	660,779	730,069	723,366	661,420	659,442	694,255	33,476	5.1
Commercial	1,264,875	1,438,208	1,437,597	1,363,236	1,391,851	1,511,827	246,952	19.5
Industrial	2,170,754	2,311,236	2,484,227	2,456,629	2,354,367	2,365,339	194,585	9.0
Interruptible and other	2,208,239	1,975,115	1,783,298	1,668,892	1,685,887	1,748,989	(459,250)	(20.8)
Total	6,304,647	6,454,628	6,428,488	6,150,177	6,091,547	6,320,410	15,763	0.3
Change (%)	10.5	2.4	(0.4)	(4.3)	(1.0)	3.8		

Natural gas

and the 1997-2000 period (in thousands)

CUSTOMER BASE NATURAL GAS DISTRIBUTORS

Globally, the total customer base of the natural gas distributors has grown by approximately 5.4% since 1995. The bulk of the increase has been in the commercial category.

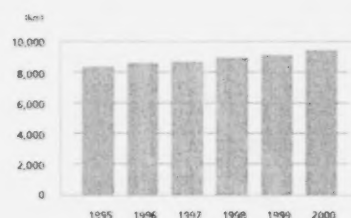


TYPE OF CUSTOMER (NUMBER OF CUSTOMER)	1995	1996	1997	1998	1999	2000	CHANGE 1995-2000	
Gas = GMLPC+Gazifère							(%)	
Residential	126,608	125,813	125,616	125,229	126,180	128,540	1,932	1.5
Commercial	36,529	38,173	39,404	40,589	42,065	43,413	6,884	18.8
Industrial	1,873	1,872	1,897	1,881	1,928	1,945	72	3.8
Interruptible and other	141	128	139	143	143	140	(1)	(0.7)
Total	165,151	165,986	167,056	167,842	170,316	174,038	8,887	5.4
Change (%)	0.9	0.5	0.6	0.5	1.5	2.2		

* Figures for 1995-1998 are based on data from the 1995-1998 period. Figures for 1999-2000 are based on data from the 1999-2000 period.

LENGTH OF PIPELINES

The natural gas distribution system in Québec has grown in length by 13.5% since 1995 as a result of various extension projects and system interconnections.



NATURAL GAS DISTRIBUTION IN QUÉBEC, SEPTEMBER 30 (KILOMETERS)	1995	1996	1997	1998	1999	2000	CHANGE 1995-2000	
Gaz Métropolitain and Compagnie, Limited Partnership*	7,811	8,019	8,144	8,328	8,493	8,775	964	12.3
Gazifère Inc.	448	475	486	543	552	601	153	34.2
Total	8,259	8,494	8,630	8,871	9,045	9,376	1,117	13.5
Change (%)	NA	2.85	1.60	2.79	1.96	3.66		

* Pre-2000 data for GMLPC have been adjusted to show only the distribution system in Québec.

SOURCE: 1995-1998: GMLPC; 1999-2000: GMLPC and Gazifère Inc. (GMLPC and Gazifère Inc. are the only natural gas distributors in Québec).

Natural gas



Petroleum products

NUMBER OF GAS STATIONS* IN QUÉBEC

December 31, 1999: 4,724 gasoline stations

* including airport, snowmobile and marina service stations

SOURCE: SERVICE PUBLIC D'ÉNERGIE QUÉBEC, ÉVOLUTION DE PRIX DU GAZ NATUREL

TOTAL SALES VOLUMES IN QUÉBEC, BY PRODUCT

Consumption of petroleum products increased by slightly more than 1% in Québec in 1999. There was a significant rise in consumption of stove oil kerosene in 1999. However, consumption of heavy fuel oil fell sharply and consumption of light fuel oil declined slightly. Gasoline consumption totalled 8 billion litres in 1999.

(MILLIONS OF LITRES)	1994	1995	1996	1997	1998	1999	CHANGE (%) 99/98
Motor gasoline	7,531.2	7,566.9	7,696.9	7,706.6	7,899.3	8,041.4	1.80
Stove oil kerosene	196.4	220.4	193.8	181.9	204.5	291.8	42.69
Diesel fuel oil	3,267.4	3,368.2	3,285.7	3,540.5	3,715.9	3,877.1	4.34
Light fuel oil	1,960.3	1,887.7	2,060.6	1,900.6	1,646.9	1,583.2	(3.87)
Heavy fuel oil	1,698.2	1,511.2	1,772	1,450	1,740	1,555	(10.63)
Coke	100.8	151.5	170.4	129.6	126.1	127.5	1.11
Aviation gasoline	11.2	21.2	18.7	17.1	17.3	16.8	(2.89)
AV-turbo fuel	869.2	839.6	902.1	774	788.4	829.1	5.16
Total	15,634.7	15,566.7	16,100.2	15,700.3	16,138.4	16,321.9	1.14

SOURCE: SERVICE PUBLIC D'ÉNERGIE QUÉBEC

STATISTICAL AND FINANCIAL INFORMATION

Figures are based on regulated companies' results for the fiscal year:

Gaz Métropolitain and Company, Limited Partnership: 12 months ending September 30;

Gazifère Inc.: 12 months ending September 30;

Hydro-Québec: 12 months ending December 31.

(\$000)	1995	1996	1997	1998	1999	2000
Investments in fixed assets						
Gaz Métropolitain and Company, Limited Partnership (regulated)	142,938	93,172	48,870	40,523	62,606	61,854
Gazifère Inc. (regulated)	2,938	8,901	5,575	7,274	4,001	3,973
Hydro-Québec (fixed assets)	2,717,000	2,056,000	1,590,000	2,092,000	1,642,000	1,812,000
Net value of fixed assets						
Gaz Métropolitain and Company, Limited Partnership (regulated)	1,157,899	1,190,412	1,198,144	1,181,109	1,211,368	1,226,827
Gazifère Inc. (regulated)	29,038	37,019	41,456	47,347	49,738	52,090
Hydro-Québec (excluding current construction)	42,861,000	44,124,000	44,818,000	44,693,000	44,477,000	45,635,000

REVENUE FROM SALES, BY DISTRIBUTOR AND BY CUSTOMER SEGMENT

(\$000)	1995	1996	1997	1998	1999	2000
Gaz Métropolitain and Company, Limited Partnership						
Residential	178,137	198,922	201,880	189,280	203,687	235,705
Firm commercial	295,744	335,560	344,327	333,094	370,937	451,194
Firm industrial	308,735	311,030	344,824	368,411	380,761	462,655
Interruptible and other	207,085	183,522	181,192	163,880	191,165	262,140
Total	989,701	1,029,034	1,072,223	1,054,665	1,146,550	1,411,694
Normalization/stabilization	20,475	(5,023)	5,064	23,546	28,889	24,029
Total normalized sales	1,010,176	1,024,011	1,077,287	1,078,211	1,175,439	1,435,723
Gazifère Inc.						
Residential	10,258	11,786	12,792	12,459	13,866	16,403
Firm commercial	10,064	11,214	12,176	11,506	12,906	14,789
Firm industrial	984	1,270	1,637	1,521	1,653	2,904
Interruptible	5,568	7,298	8,187	5,789	5,162	5,220
Total	26,874	31,568	34,792	31,275	33,587	39,316
Normalization/stabilization	1,003	(1,484)	(1,296)	1,406	1,848	2,119
Total normalized sales	27,877	30,084	33,496	32,681	35,435	41,435
Gas = GMCLP+Gazifère						
Residential	188,395	210,708	214,672	201,739	217,553	252,108
Commercial	305,808	346,774	356,503	344,600	383,843	465,983
Industrial	309,719	312,300	346,461	369,932	382,414	465,559
Interruptible and other	212,653	190,820	189,379	169,669	196,327	267,360
Total	1,016,575	1,060,602	1,107,015	1,085,940	1,180,137	1,451,010
Change (%)	(10.9)	4.3	4.4	(1.9)	8.7	23.0
Hydro-Québec						
Sales in Québec:						
- Domestic and agricultural	2,834,000	2,945,000	3,066,000	2,906,000	3,034,000	3,167,000
- General and institutional	1,843,000	1,835,000	1,885,000	1,894,000	1,963,000	2,002,000
- Industrial	2,041,000	2,075,000	2,162,000	2,214,000	2,236,000	2,405,000
- Other	221,000	226,000	218,000	213,000	215,000	220,000
Total	6,939,000	7,081,000	7,331,000	7,227,000	7,448,000	7,794,000
Sales outside Québec:	637,000	588,000	596,000	814,000	1,051,000	2,380,000
Total sales	7,576,000	7,669,000	7,927,000	8,041,000	8,499,000	10,174,000

SALES VOLUME BY DISTRIBUTOR AND BY CUSTOMER SEGMENT

(THOUSANDS OF M ³)	1995	1996	1997	1998	1999	2000
<i>Gas Métropolitain and Company, Limited Partnership</i>						
Residential	621,874	684,346	677,496	617,962	614,733	644,975
Commercial	1,218,794	1,385,735	1,384,754	1,314,046	1,341,424	1,458,898
Firm industrial	2,165,405	2,303,327	2,474,383	2,446,527	2,344,466	2,348,828
Interruptible and other	2,159,849	1,902,145	1,702,362	1,565,741	1,597,310	1,636,920
Total	6,165,922	6,275,553	6,238,995	5,944,276	5,897,933	6,089,621
Normalization/stabilization	116,942	(22,175)	22,771	191,966	244,500	211,022
Total normalized sales	6,282,864	6,253,378	6,261,766	6,136,242	6,142,433	6,300,643
<i>Gasifère Inc.</i>						
Residential	38,905	45,723	45,870	43,458	44,709	49,280
Firm commercial	46,081	52,473	52,843	49,190	50,427	52,929
Firm industrial	5,349	7,909	9,844	10,102	9,901	16,511
Interruptible	48,390	72,970	80,936	103,151	88,577	112,069
Total	138,725	179,075	189,493	205,901	193,614	230,789
Normalization/stabilization	4,757	(3,946)	(313)	6,436	7,413	7,821
Total normalized sales	143,482	175,129	189,180	212,337	201,027	238,610
<i>Gas = GMCI + Gasifère</i>						
Residential	660,779	730,069	723,366	661,420	659,442	694,255
Commercial	1,264,875	1,438,208	1,437,597	1,363,236	1,391,851	1,511,827
Industrial	2,170,754	2,311,236	2,484,227	2,456,629	2,354,367	2,365,339
Interruptible and other	2,208,239	1,975,115	1,783,298	1,668,892	1,685,887	1,748,989
Total	6,304,647	6,454,628	6,428,488	6,150,177	6,091,547	6,320,410
<i>Change (%)</i>		<i>10.5</i>	<i>2.4</i>	<i>(0.4)</i>	<i>(4.3)</i>	<i>(1.0)</i>
<i>Hydro-Québec (MILLIONS OF KWH)</i>						
<i>Sales in Québec:</i>						
- Domestic and agricultural	48,842	50,294	51,246	47,701	49,315	51,666
- General and institutional	29,108	29,158	29,560	28,815	29,765	30,490
- Industrial	59,254	59,797	61,837	61,773	63,409	65,950
- Other	4,832	5,261	4,648	4,519	4,500	4,651
Total	142,036	144,510	147,291	142,808	146,989	152,757
Sales outside Québec	23,946	18,892	15,242	18,565	24,723	37,323
Total sales	165,982	163,402	162,533	161,373	171,712	190,080

NUMBER OF CUSTOMERS BY CUSTOMER SEGMENT¹

	1995	1996	1997	1998	1999	2000
<i>Gas Métropolitain and Company, Limited Partnership</i>						
Residential	110,965	109,360	108,202	106,650	106,433	107,704
Commercial	34,487	36,073	37,211	38,295	39,709	40,967
Firm industrial	1,865	1,864	1,889	1,873	1,919	1,935
Interruptible	114	125	133	137	137	135
Seasonal	25	0	0	0	0	0
Total	147,456	147,422	147,435	146,955	148,198	150,741
<i>Gasifère Inc.</i>						
Residential	15,643	16,453	17,414	18,579	19,747	20,836
Firm commercial	2,042	2,100	2,193	2,294	2,356	2,446
Firm industrial	8	8	8	8	9	10
Interruptible	2	3	6	6	6	5
Total	17,695	18,564	19,621	20,887	22,118	23,297
<i>Hydro-Québec (NUMBER OF ACCOUNTS)</i>						
<i>In Québec:</i>						
- Domestic and agricultural	3,099,545	3,127,136	3,157,096	3,182,033	3,206,211	3,228,610
- General and institutional	279,447	280,570	280,396	280,067	280,383	281,107
- Industrial	13,386	13,198	13,002	12,803	12,732	13,081
- Other	6,525	6,308	6,222	6,066	5,986	5,941
Total	3,398,903	3,427,212	3,456,716	3,480,969	3,505,312	3,528,739
Outside Québec:	41	48	52	61	88	86
Total	3,398,944	3,427,260	3,456,768	3,481,030	3,505,400	3,528,825
<i>Change (%)</i>	<i>1.6</i>	<i>0.8</i>	<i>0.9</i>	<i>0.7</i>	<i>0.7</i>	<i>0.7</i>

¹ EXCLUDING CUSTOMERS OF ELECTRICITY DISTRIBUTORS OTHER THAN HYDRO-QUÉBEC

SUPPLY SOURCES OF NATURAL GAS DISTRIBUTED IN QUÉBEC

Figures are based on regulated companies' results for the fiscal year ending September 30.

	1995	1996	1997	1998	1999	2000
Volume (THOUSANDS OF M³)						
Gaz Métropolitain and Company, Limited Partnership						
Total system gas	1,379,205	1,014,840	1,291,318	1,608,862	1,555,439	2,234,969
Buy/sell and other	4,278,374	5,101,678	4,919,715	4,465,110	3,757,249	3,145,948
Total	5,657,579	6,116,518	6,211,033	6,073,972	5,312,688	5,380,918
Gazifère Inc.						
System gas	121,593	173,647	190,630	205,878	192,683	230,800
Total for both distributors	5,779,172	6,290,165	6,401,663	6,279,850	5,505,371	5,611,718
Cost (\$000)						
Gaz Métropolitain and Company, Limited Partnership						
Total system gas	109,671	53,123	88,049	119,108	181,109	336,111
Buy/sell and other	290,245	259,348	303,531	331,744	330,780	452,596
Total	399,916	312,471	391,580	450,852	511,889	788,707
Gazifère Inc.						
System gas	17,109	19,199	21,957	18,236	20,125	26,926
Total for both distributors	417,025	331,670	413,537	469,088	532,014	815,633
Transport	225,658	246,615	254,089	242,901	238,617	247,221
Storage and other	56,934	54,736	47,918	41,664	45,506	56,301
Total supply cost	699,617	633,021	715,544	753,653	816,137	1,119,155

Note: Figures for 1995 and 1996 are based on results for 12 months ending March 31.

HIGHLIGHTS OF 2000-2001 NATURAL GAS RATE CASES

In the course of its regulatory activities, the Régie rendered rate decisions in the natural gas sector. The Régie set the rate of return on common shareholders' equity at 10.38% for Gaz Métropolitain and Company, Limited Partnership and at 10.01% for Gazifère Inc.

GMCLP's distribution rates increased an average 1.7% on October 1, 2000. Rates increased by an average 0.7% for Gazifère Inc. customers¹.

	Gaz Métropolitain and Company, Limited Partnership	Gazifère Inc.
Decisions by the Régie:		
Decisions on rates	D-2001-109	D-2001-55
Date of decision - approval of rates	April 24, 2001	May 15, 2001
Approval of rate schedule	D-2001-109	D-2001-135
Application number	R-3444-2000 ²	R-3446-2000
Filing date	March 1, 2001	May 19, 2000
Additional revenue requested	\$12,108,000	\$ 677,000
Revenue increase ordered	\$12,108,000	\$ 342,000
Change in rates (October 1, 2000)	1.70%	0.70% ¹
Return requested:		
Rate base	8.83%	9.20%
Common shareholders' equity	10.38% ³	10.01%
Return authorized:		
Rate base	8.83%	9.20%
Common shareholders' equity	10.38%	10.01%
Rate base (average over 13-month period)	\$1,527,106,000	\$53,728,000
Budget:		
Revenue from franchise sales	\$1,921,466,000	\$49,488,000
Cost of gas and operating expenses	\$1,786,602,000	\$44,550,000
Net revenue	\$ 134,864,000	\$ 4,938,000

	BREAKDOWN	COST	BREAKDOWN	COST
Authorized capitalization:	%	%	%	%
Securitization of receivables	2.82	6.20	-	-
Borrowing at floating rate	0.83	6.74	-	-
Long-term credit at floating rate	3.93	6.38	-	-
Short-term debt	7.58	-	5.45	7.73
Medium-term debt	-	-	-	-
Long-term debt	46.42	8.48	53.67	8.72
Preferred shareholders' equity	7.50	5.60	0.14	7.50
Common shareholders' equity	38.50	10.38	40.74	10.01
Total	100.00	8.83	100.00	9.19

¹ Including an adjustment for the gas supply service

² GMCLP's rate application was developed by a working group and negotiated settlement was agreed by the distributor and intervenors representing various categories of consumers and environmental groups.

³ This rate was arrived at by applying the automatic performance-based adjustment formula, which yielded 9.60%, combined with the performance based premium of 0.78% produced by application of GMCLP's performance-improvement incentive mechanism.

Document
2001-01-01
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2001-01-01

RÉGIE'S FINANCIAL SUMMARY

The estimated financial results of the Régie for the fiscal year ending March 31, 2001, are as follows:

Starting accumulated surplus	\$2,093,448
Revenue	\$6,398,112
Expenditures	\$7,176,433
Ending accumulated surplus	\$1,315,127

OTHER INFORMATION

Revenues for the fiscal year ended March 31, 2001 consist primarily of the duties paid by distributors of electricity, natural gas and petroleum products, in accordance with section 102 of the Act respecting the Régie de l'énergie. Pursuant to section 107 of the Act, any amount by which revenues exceed expenditures in a fiscal year is carried over to the subsequent annual budget, reducing the duties payable during the following fiscal year. The projected accumulated surplus for 1999-2001 reduced the duties paid to the Régie during fiscal 2000-2001 and the projected accumulated surplus for 2000-2001 will be taken into account in calculating the duty payable for 2001-2002.

In accordance with section 106 of the Act and Decree 73-98 (effective January 21, 1998), the Régie's expenditure forecasts for fiscal 2000-2001 were submitted to the government on January 31, 2000 and approved by Decree 862-2000 of June 28, 2000.

REGULATORY COSTS IN QUÉBEC

2000-2001 EXPENDITURES	COST PER GIGAJOULE	COST PER CONSUMER
\$7,176,433 ¹	\$0.0091 ²	\$1.85 ³
1999-2000 EXPENDITURES		
\$6,766,764 ¹	\$0.0089 ²	\$1.76 ³
1998-1999 EXPENDITURES		
\$6,676,865 ¹	\$0.0090 ²	\$1.86 ³
1997-1998 EXPENDITURES ¹		
\$4,428,131 ¹	\$0.0064 ²	\$1.47 ³
1996-1997 EXPENDITURES (NATURAL GAS ONLY) ¹		
\$2,156,000	\$0.0088	\$12.99

Notes:

¹ Includes regulation costs for petroleum products.

² Total cost distributed between electricity and natural gas consumption only.

³ Total cost distributed among electricity and natural gas consumers only.

⁴ For the first 10 months during which the Régie de l'énergie was in operation.

⁵ 1996-1997 expenses are allocated in their entirety to natural gas (Régie du gaz naturel).

THE WORK OF THE RÉGIE DE L'ÉNERGIE IS SUPPORTED BY THE PARTICIPATION OF INTERESTED PERSONS AND DESIGNATED INTERVENORS REPRESENTING DIFFERENT CATEGORIES OF CONSUMERS, ENVIRONMENTAL GROUPS AND ENERGY-RELATED BUSINESSES. THE INTERVENORS ARE GENERALLY ASSISTED BY ATTORNEYS AND SUPPORTED BY THE WORK OF EXPERTS AND ANALYSTS.

Public participation

LIST OF INTERESTED PERSONS

Action Réseau consommateur	Industrial Gas Users Association
Association coopérative d'économie familiale du Québec	Irving Oil
Association de l'industrie électrique du Québec	New-Brunswick Power
Association des consommateurs d'affaires à moyen débit de gaz naturel et de petite et moyenne puissances en électricité du Québec	New York Power Authority
Association des constructeurs de routes et grands travaux du Québec	Ontario Power Generation
Association des redistributeurs d'électricité du Québec	Option Consommateurs
Association des services de l'automobile du Québec	Pétro-Canada
Association québécoise de la production d'énergie renouvelable	Petrole Norcan
Association québécoise des consommateurs industriels d'électricité	Petroleum Group OLCO
CAA-Québec	PG&E National Energy Group
Canadian Federation of Independent Business	Québec Forest Industries Association
Canadian Petroleum Products Institute	Regroupement des comités logement et associations de locataires du Québec
Centre d'études réglementaires du Québec	Regroupement des organismes environnementaux en énergie
Fédération des Associations Coopératives d'Économie Familiale	Regroupement national des Conseils régionaux de l'environnement du Québec
Gazifère Inc.	Sempra Energy Trading Corporation
Gaz Métropolitain & Company, Limited Partnership	Shell Canada Products
Groupe de recherche appliquée en macroécologie	STOP
Hydro-Québec	Stratégies énergétiques
Imperial Oil	TransCanada Gas Services
	TransQuébec & Maritimes Pipeline
	Ultramar
	Union for Sustainable Development

INTERVENOR COSTS

The Régie may order the electricity carrier or any distributor to pay intervenors' costs, in whole or in part, where they relate to issues under the Régie's jurisdiction. The amount of the costs is determined in accordance with the Rules of Procedure and the Intervenor Costs Payment Guide, adopted by the Régie in July 1999 following a generic hearing on the issue.

In 2000-2001, the Régie ordered that some intervenors be reimbursed a total of over \$1.5 million.

INTERVENOR COSTS AWARDED BETWEEN APRIL 1, 2000 AND MARCH 31, 2001, BY FORM OF ENERGY

Electricity	\$954,387
Natural gas	\$607,919
Total	\$1,562,306

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